



Dave Yost · Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

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 WAPS-FM, Akron City School District, Summit County, Ohio, (the Station), as of and for the year ended June 30, 2013, 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 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 WAPS-FM, Akron City School District, Summit County, Ohio, as of June 30, 2013, and the respective changes in financial position 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 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, 2013, 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.

**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* 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 December 4, 2013, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2013

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
*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, 2013. 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, 2013 are as follows:

- Total net position decreased \$41,550. This is a 3.6 percent decrease from fiscal year 2012.
- Total revenues increased to \$665,366 from \$652,033. This is an increase of \$13,333 or 2.0 percent.
- Total program expenses were \$706,916. Total program expenses decreased from \$708,811 from fiscal year 2012. This is a decrease of \$1,895 or 0.3 percent.
- The fund balance in the general fund decreased \$55,873. This is a 6.5 percent decrease from fiscal year 2012.

**Station Highlights**

Significant Station highlights for the fiscal year ended June 30, 2013 are as follows:

- Membership contributions revenue was \$176,951 in fiscal year 2013 and continues to be a major source of revenue for the Station. The Station has solidified a long-term broadcast agreement with 90.7 WKTL-FM throughout Youngstown, Warren and western Pennsylvania. The increased coverage area has led to additional listeners and supporters throughout fiscal year 2013.
- Underwriting revenue was \$307,246 and continues to be a major source of revenue. This increased \$10,303 or 3.5% from \$296,943 from fiscal year 2012. 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.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
*UNAUDITED*

*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 2013?" 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.

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 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 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.

Table 1 provides a summary of the Station's net position for fiscal year 2013 compared to fiscal year 2012 as follows:

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
**UNAUDITED**

Table 1  
 Net Position at June 30,

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current and Other Assets	\$932,576	\$938,972
Capital Assets, Net	272,895	295,525
<i>Total Assets</i>	<u>1,205,471</u>	<u>1,234,497</u>
<b>Liabilities</b>		
Current and Other Liabilities	52,125	44,841
Long-Term Liabilities:		
Due Within One Year	14,835	10,890
Due in More than One Year	19,530	18,235
<i>Total Liabilities</i>	<u>86,490</u>	<u>73,966</u>
<b>Net Position</b>		
Net Investment in Capital Assets	272,895	295,525
Restricted:		
Other Purposes	63,481	11,611
Unrestricted	782,605	853,395
<i>Total Net Position</i>	<u>\$1,118,981</u>	<u>\$1,160,531</u>

Total assets decreased \$29,026.

The majority of the decrease in assets is due to a decrease in capital assets amounting to \$22,630. See below for further explanation for the decrease in capital assets.

Total liabilities increased \$12,524.

Unearned revenue increased \$10,676. Unearned revenue arises from underwriting payments received in one fiscal year but are for underwriting spots that will take place in future fiscal years. As of June 30, 2012, the Station had received \$38,876 in underwriting revenue where the underwriting spots occurred in future fiscal years. On the other hand, the Station received \$49,552 in underwriting revenue as of June 30, 2013 for underwriting spots that will air in future fiscal years.

Also, long-term liabilities increased \$5,240. 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, 2013 was 78.0 as opposed to the number of vacation days accrued at June 30, 2012 of 57.5. This increase in the number of vacation days accrued caused the accrual for vacation benefits to increase from \$10,890 in the prior fiscal year to \$14,835 in the current fiscal year.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**  
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The increases in unearned revenue and long-term liabilities were offset by a decrease in accounts payable. Accounts payable decreased \$3,392. The majority of this decrease is due to a \$1,236 liability to Garvey, Schubert and Barer for professional consulting services for a broadcast license renewal as of June 30, 2012 and a \$2,304 liability to Spectrasite Communications for tower rent as of June 30, 2012. Liabilities for professional consulting services for a broadcast license renewal and tower rent did not exist as of June 30, 2013.

The net impact of the assets decrease and the liabilities increase was a decrease of net position of \$41,550.

Table 2 shows the changes in net position for fiscal years 2013 and 2012 for governmental activities as follows:

Table 2  
 Change in Net Position for Governmental Activities

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Operating Grants, Contributions and Interest	<u>\$88,803</u>	<u>\$84,487</u>
<i>General Revenues:</i>		
Membership Contributions	176,951	188,966
Underwriting	307,246	296,943
Donated Facilities and Administrative Support	83,287	76,918
Miscellaneous	9,079	4,719
<i>Total General Revenues</i>	<u>576,563</u>	<u>567,546</u>
<b>Total Revenues</b>	<u>665,366</u>	<u>652,033</u>
<b>Program Expenses</b>		
<i>Program Services:</i>		
Programming and Production	340,490	353,661
Broadcasting	40,059	41,607
Public Information	20,028	20,803
<i>Support Services:</i>		
Management and General	214,438	204,918
Fundraising and Membership	91,901	87,822
<b>Total Program Expenses</b>	<u>706,916</u>	<u>708,811</u>
<b>(Decrease) in Net Position</b>	<u>(\$41,550)</u>	<u>(\$56,778)</u>

While program revenues increased for governmental activities from \$84,487 to \$88,803, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$567,546 in fiscal year 2012 to \$576,563 in fiscal year 2013. General revenues comprised 86.7 percent of revenues supporting governmental activities. The primary sources of the increase were underwriting revenue of \$10,303, donated facilities and administrative support revenue of \$6,369 and miscellaneous revenue of \$4,360.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
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The increase in underwriting revenue was due to growing business support. The Station has seen in an increase in business support because of a strong, mature sales team, good leadership and a slight increase in underwriting rates.

The increase in donated facilities and administrative support revenue can be attributed to the following three factors: a decrease in square footage throughout the entire School District, a decrease in School District net direct expenses and an increase in School District expenses that are determined to support the Station institutionally. Donated facilities and administrative support from the School District consists of allocated costs based on a formula developed by CPB. Included in this formula are the aforementioned three factors which all played a part in causing donated facilities and administrative support revenue to increase from the prior fiscal year.

The increase in miscellaneous revenue was mainly due to 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 several years, but the Station made a concerted effort to promote this program during the current fiscal year on air and online. This concerted effort led to \$8,842 in revenue in fiscal year 2013 as compared to \$4,491 in fiscal year 2012, an increase of \$4,351.

The increases in underwriting revenue, donated facilities and administrative support revenue and miscellaneous revenue were offset by a decrease in membership contributions revenue in the amount of \$12,015. The decrease in membership contributions revenue occurred because of an increasing number of members who purchased memberships at lower levels than in the prior fiscal year.

Program expenses decreased from \$708,811 in fiscal year 2012 to \$706,916, a \$1,895 or 0.3 percent decrease. Programming and production expenses had the largest decrease in terms of dollars (\$13,171) and had the largest amount of expenses, comprising 48.2 percent of expenses. Programming and production, broadcasting and public information expenses, which are classified as program services expenses, all had decreases of 3.7 percent.

The decrease in program services expenses can be mainly attributed to decreases in the following expense categories: technical services, national program acquisition and promotions and supplies and materials. Technical services expenses decreased because the Station was able to reduce their on-air talent contractors by 1 contractor in fiscal year 2013. The Station was able to make this reduction since the Station hired a new full-time employee in fiscal year 2012 who took on some of the responsibilities the on-air talent contractors performed. In addition, national program acquisition and promotions expenses decreased because the Station saved monies in this category that it would normally spend to be used for an outdoor billboard marketing campaign in fiscal year 2014. Plus, the majority of the supplies and materials expenses decrease is attributed to a smaller purchase of compact discs for promotional purposes in the current fiscal year than was made in the prior fiscal year.

The decrease in program services expenses were offset by an increase in support services expenses. Management and general expenses had the largest increase in terms of dollars, \$9,520. Both management and general expenses and fundraising and membership expenses, which are classified as support services expenses, had increases of 4.6 percent. The increase in support services expenses can be mostly attributed to an increase in health insurance costs for employees.

While program services expenses decrease and support services expenses increase were consistent with expectations, the increases in underwriting revenue, donated facilities and administrative support revenue and miscellaneous revenue and the decrease in membership contributions revenue resulted in a reduction of net position of \$41,550.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
*UNAUDITED*

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>2013</u>		<u>2012</u>	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
<b>Program Expenses</b>				
Program Services:				
Programming and Production	\$340,490	\$265,007	\$353,661	\$281,847
Broadcasting	40,059	31,179	41,607	33,158
Public Information	20,028	15,588	20,803	16,579
Support Services:				
Management and General	214,438	214,438	204,918	204,918
Fundraising and Membership	<u>91,901</u>	<u>91,901</u>	<u>87,822</u>	<u>87,822</u>
<b>Total</b>	<b><u>\$706,916</u></b>	<b><u>\$618,113</u></b>	<b><u>\$708,811</u></b>	<b><u>\$624,324</u></b>

The dependence upon general revenues for governmental activities is apparent. 87.4 percent of governmental activities are supported through underwriting and other general revenues; such revenues are 86.7 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 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$675,043 and expenditures of \$679,046. The net change in fund balances for the fiscal year was a decrease of \$4,003 for all governmental funds. The general fund's net change in fund balance for fiscal year 2013 was a decrease of \$55,873 and the CPB grants fund's net change in fund balance for fiscal year 2013 was an increase of \$51,870. This played a significant part in causing the unassigned fund balance in the general fund to decrease from \$857,674 in fiscal year 2012 to \$799,537 in fiscal year 2013 and the restricted fund balance in the CPB grants fund to increase from \$11,611 in fiscal year 2012 to \$63,481 in fiscal year 2013.

The general fund's net change in fund balance can be attributed to increases in expenditures. This increase is mainly due to an increase in health insurance costs for employees, as previously discussed.

The CPB grants fund's net change in fund balance is due to decreases in expenditures. The following expenditures categories decreased in the CPB grants fund: technical services, national program acquisition and promotions and tower rent. As previously discussed, technical services expenditures decreased because the Station reduced their on-air talent contractors by 1 in fiscal year 2013. Also, as previously discussed, national program acquisition and promotions expenditures decreased because the Station saved monies in this category to be used for an outdoor billboard marketing campaign in fiscal year 2014. In addition, tower rent expenditures decreased in the CPB grants fund because the Station paid the tower rent in the general fund in the current fiscal year instead of paying a portion of the tower rent in the CPB grants fund as it did in the prior fiscal year.

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
*UNAUDITED*

**Capital Assets**

At the end of fiscal year 2013, the Station had \$272,895 invested in furniture and fixtures, and equipment. Table 4 shows fiscal year 2013 balances compared to fiscal year 2012 as follows:

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

	Governmental Activities	
	2013	2012
Furniture and Fixtures	\$18,142	\$19,183
Broadcasting Equipment	<u>254,753</u>	<u>276,342</u>
Totals	<u><u>\$272,895</u></u>	<u><u>\$295,525</u></u>

This decrease is completely due to depreciation expense of \$22,630. The Station did not purchase any capital assets during the current fiscal year nor did it dispose of any capital assets during the current fiscal year. For further information on capital assets, see Note 6 to the basic financial statements.

**For the Future**

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

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

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

The revenue goals include modestly increasing membership contributions and incrementally adding to business support. The Station anticipates showing additional member support next fiscal year. In addition, the Station anticipates an increase in underwriting revenue with a recent rate increase and the reconfiguration of sponsorship packages.

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

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

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

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*  
*UNAUDITED*

**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 Position*  
*June 30, 2013*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$888,141
Accounts Receivable	44,435
Depreciable Capital Assets, Net	<u>272,895</u>
<i>Total Assets</i>	<u>1,205,471</u>
<b>Liabilities</b>	
Accounts Payable	2,494
Intergovernmental Payable	79
Unearned Revenue	49,552
Long-Term Liabilities:	
Due Within One Year	14,835
Due In More Than One Year	<u>19,530</u>
<i>Total Liabilities</i>	<u>86,490</u>
<b>Net Position</b>	
Net Investment in Capital Assets	272,895
Restricted for:	
Other Purposes	63,481
Unrestricted	<u>782,605</u>
<i>Total Net Position</i>	<u>\$1,118,981</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, 2013*

	Expenses	Program	Net (Expenses)
		Revenues	and Changes
		Operating Grants, Contributions and Interest	in Net Position
<b>Governmental Activities</b>			
Program Services:			
Programming and Production	\$340,490	\$75,483	(\$265,007)
Broadcasting	40,059	8,880	(31,179)
Public Information	20,028	4,440	(15,588)
Support Services:			
Management and General	214,438	0	(214,438)
Fundraising and Membership	91,901	0	(91,901)
<i>Total Governmental Activities</i>	<b>\$706,916</b>	<b>\$88,803</b>	<b>(\$618,113)</b>

<b>General Revenues</b>	
Membership Contributions	176,951
Underwriting	307,246
Donated Facilities Use and Administrative Support	83,287
Miscellaneous	9,079
<i>Total General Revenues</i>	<b>576,563</b>
Change in Net Position	(41,550)
<i>Net Position at Beginning of Fiscal Year</i>	<b>1,160,531</b>
<i>Net Position at End of Fiscal Year</i>	<b>\$1,118,981</b>

See accompanying notes to the basic financial statements

**WAPS-FM Akron City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2013*

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	General	CPB Grants	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$824,060	\$64,081	\$888,141
Accounts Receivable	<u>44,435</u>	0	44,435
<i>Total Assets</i>	<u><u>\$868,495</u></u>	<u><u>\$64,081</u></u>	<u><u>\$932,576</u></u>
<b>Liabilities</b>			
Accounts Payable	\$1,894	\$600	\$2,494
Intergovernmental Payable	79	0	79
Unearned Revenue	<u>49,552</u>	0	49,552
<i>Total Liabilities</i>	<u><u>51,525</u></u>	<u><u>600</u></u>	<u><u>52,125</u></u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue-Membership Contributions	10,545	0	10,545
Unavailable Revenue-Underwriting	<u>600</u>	0	600
<i>Total Deferred Inflows of Resources</i>	<u><u>11,145</u></u>	0	<u><u>11,145</u></u>
<b>Fund Balances</b>			
Restricted	0	63,481	63,481
Assigned	6,288	0	6,288
Unassigned	<u>799,537</u>	0	799,537
<i>Total Fund Balances</i>	<u><u>805,825</u></u>	<u><u>63,481</u></u>	<u><u>869,306</u></u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$868,495</u></u>	<u><u>\$64,081</u></u>	<u><u>\$932,576</u></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, 2013*

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<b>Total Governmental Fund Balances</b>	\$869,306
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*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	272,895
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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	10,545
Underwriting	600
Total	11,145

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

Compensated Absences	(34,365)
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<i>Net Position of Governmental Activities</i>	\$1,118,981
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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, 2013*

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	General	CPB Grants	Total Governmental Funds
<b>Revenues</b>			
CPB Grants	\$0	\$88,803	\$88,803
Membership Contributions	186,678	0	186,678
Underwriting	307,196	0	307,196
Donated Facilities Use and Administrative Support	83,287	0	83,287
Miscellaneous	9,079	0	9,079
<i>Total Revenues</i>	<u>586,240</u>	<u>88,803</u>	<u>675,043</u>
<b>Expenditures</b>			
Current:			
Program Services:			
Programming and Production	282,820	35,923	318,743
Broadcasting	33,273	4,226	37,499
Public Information	16,636	2,113	18,749
Support Services:			
Management and General	212,839	0	212,839
Fundraising and Membership	91,216	0	91,216
<i>Total Expenditures</i>	<u>636,784</u>	<u>42,262</u>	<u>679,046</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(50,544)</u>	<u>46,541</u>	<u>(4,003)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	5,329	5,329
Transfers Out	<u>(5,329)</u>	0	<u>(5,329)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(5,329)</u>	<u>5,329</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(55,873)</u>	<u>51,870</u>	<u>(4,003)</u>
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>861,698</u>	<u>11,611</u>	<u>873,309</u>
<i>Fund Balances at End of Fiscal Year</i>	<u>\$805,825</u>	<u>\$63,481</u>	<u>\$869,306</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, 2013*

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**Net Change in Fund Balances - Total Governmental Funds** (\$4,003)

*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:

Current Fiscal Year Depreciation (22,630)

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

Membership Contributions	(9,727)
Underwriting	<u>50</u>
Total	(9,677)

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	<u>(5,240)</u>
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*Change in Net Position of Governmental Activities* (\$41,550)

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, 2013*

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

#### *Reporting Entity*

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

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

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

The financial statements of the Station have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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.

**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.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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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.

### ***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.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

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

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

**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 financial 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. The Station did not report any deferred outflows of resources.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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In addition to liabilities, the statement of financial 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. 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.

***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 2013, 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, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, a First American Treasury Money Market Fund, a Fifth Third United States Treasury Money Market Fund, a Federated United States Treasury Money Market Fund and certificates of deposit. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at a fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

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

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

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

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### **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 \$83,287 for fiscal year 2013, and is included in donated facilities use and administrative support revenue and support services expenditures/expenses.

### **H. Capital Assets**

All capital assets of the Station are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net 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 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:

Description	Estimated Lives
Furniture and Fixtures	10 - 30 years
Office Equipment	10 years
Broadcasting Equipment	10 - 30 years
Vehicles	5 years

### **I. Compensated Absences**

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

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

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

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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### ***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 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 Station 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.

### ***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 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 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.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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### ***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**

For fiscal year 2013, the Station has implemented GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities” and GASB Statement No. 66, “Technical Corrections-2012”.

GASB Statement No. 60 addresses issues related to service concession arrangements (a “SCA”), which are a type of public-private or public-public partnership. A SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Additionally, this Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and American Institute of Certified Public Accountants (“AICPA”) pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related note disclosures. This Statement has changed the presentation of the Station’s basic financial statements to incorporate the concepts of net position and deferred outflows of resources and deferred inflows of resources, which are distinct from assets and liabilities. The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of this Statement did not result in any changes to net position or fund balances at June 30, 2012.

### **Note 4 - Deposits and Investments**

The Station's cash and cash equivalents of \$888,141 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 \$63,214,224 of the School District's bank balance of \$64,464,224 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, 2013, the School District had the following investments, which all had maturities of less than 1 year:

	Carrying Value	% to Total
Overnight Repurchase Agreements	\$35,422,734	77.58%
Federated U.S. Treasury Money Market Fund	10,238,756	22.42
 Total Investments	 \$45,661,490	 100.00%

The overnight repurchase agreements carry a rating of AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The Federated United States Treasury Money Market Fund carries 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, 2013, 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, 2013*

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**Note 6 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
<b>Governmental Activities</b>				
<i>Capital Assets, being depreciated:</i>				
Furniture and Fixtures	\$26,208	\$0	\$0	\$26,208
Office Equipment	1,475	0	0	1,475
Broadcasting Equipment	452,489	0	0	452,489
Vehicles	5,000	0	0	5,000
<i>Total Capital Assets, being depreciated</i>	<u>485,172</u>	<u>0</u>	<u>0</u>	<u>485,172</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(7,025)	(1,041)	0	(8,066)
Office Equipment	(1,475)	0	0	(1,475)
Broadcasting Equipment	(176,147)	(21,589)	0	(197,736)
Vehicles	(5,000)	0	0	(5,000)
<i>Total Accumulated Depreciation</i>	<u>(189,647)</u>	<u>(22,630)</u>	*	<u>(212,277)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$295,525</u>	<u>(\$22,630)</u>	<u>\$0</u>	<u>\$272,895</u>

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

Program Services:	
Programming and Production	\$19,075
Broadcasting	2,245
Public Information	1,122
Support Services:	
Management and General	132
Fundraising and Membership	<u>56</u>
<i>Total Depreciation Expense</i>	<u>\$22,630</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, educators legal liability, employment practices liability and automobile coverage during fiscal year 2013. Coverage provided is as follows:

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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Type of Coverage	Coverage Amount
Commercial Property (\$50,000 deductible)	
Building and Contents	\$766,023,243
Earthquake	5,000,000
Flood	5,000,000
Commercial Inland Marine (\$5,000 deductible)	750,000
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)	
Annual Aggregate	3,000,000
Each Wrongful Act	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 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.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension and death benefits with the remainder being used to fund health care benefits and Medicare Part B benefits; for fiscal year 2013, 13.10 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, 2013, 2012 and 2011 were \$30,263, \$28,918 and \$22,694, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

## **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 2013, 0.16 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 2013, this amount was \$20,525.

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, 2013, 2012 and 2011 were \$449, \$1,331 and \$2,869, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

## **WAPS-FM Akron City School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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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 2013, the actuarially required allocation was 0.74 percent of covered payroll. The Station's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,710, \$1,708 and \$1,460, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

### **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			Principal			Amount Due in One Year
	Outstanding	6/30/2012	Additions	Reductions	6/30/2013		
Compensated Absences	\$29,125		\$16,130	(\$10,890)	\$34,365		\$14,835

Compensated absences will be paid from the general fund.

### **Note 12 – Interfund Transfer**

During fiscal year 2013, the general fund transferred \$5,329 to the CPB grants special revenue fund. This transfer was necessary because expenditures exceeded revenues for a CPB grant for a high definition transmission upgrade in the prior fiscal year. The Station was awarded \$34,012 for this grant but incurred expenditures totaling \$39,341.

## **WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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### **Note 13 – 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:

Fund Balances	General Fund	CPB Grants	Total
<b><u>Restricted for:</u></b>			
National Public Radio programming	\$0	\$11,847	\$11,847
Commissions for underwriting sales	0	7,000	7,000
Production services and on-air talent	0	13,706	13,706
Tower rent	0	8,500	8,500
Office supplies	0	3,729	3,729
In-District mileage	0	650	650
Meetings and travel	0	2,000	2,000
Postage	0	500	500
Fuel to operate motor vehicles	0	600	600
Equipment	0	7,500	7,500
Audit costs	0	7,449	7,449
<i>Total Restricted</i>	<i>0</i>	<i>63,481</i>	<i>63,481</i>
<b><u>Assigned to:</u></b>			
Employer contributions to SERS	5,872	0	5,872
Unemployment compensation	416	0	416
<i>Total Assigned</i>	<i>6,288</i>	<i>0</i>	<i>6,288</i>
Unassigned (Deficits)	<u>799,537</u>	<u>0</u>	<u>799,537</u>
<b>Total Fund Balances</b>	<b><u>\$805,825</u></b>	<b><u>\$63,481</u></b>	<b><u>\$869,306</u></b>

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

**WAPS-FM Akron City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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**Note 14 - 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, 2013.

**B. Litigation**

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



# Dave Yost • Auditor of State

## 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  
65 Steiner Avenue  
Akron, Ohio 44301

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 WAPS-FM, Akron City School District, Summit County, Ohio, (the Station) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements and have issued our report thereon dated December 4, 2013.

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

As part of our financial statement audit, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 determination of financial statement amounts. 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*.

WAPS-FM  
Akron City School District  
Summit County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
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***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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2013



# 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED

DECEMBER 17, 2013