



WAPS-FM
AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED JUNE 30, 2005



Auditor of State
Betty Montgomery

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

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Auditor of State Betty Montgomery

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, 2005, as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements of WAPS-FM, 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 of the Akron City School District as of June 30, 2005, 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, 2005, 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 November 28, 2005, 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.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2005

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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, 2005. 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, 2005 are as follows:

- Total net assets increased \$91,552. This is a 19.1 percent increase from fiscal year 2004.
- Total revenues increased to \$682,988 from \$595,993. This is an increase of \$86,995 or 14.6 percent.
- Total program expenses were \$591,436. Total program expenses increased from \$510,282 from fiscal year 2004. This is an increase of \$81,154 or 15.9 percent.
- The fund balance in the general fund increased \$93,445. This is a 29.0 percent increase from fiscal year 2004.

Station Highlights

Significant Station highlights for the fiscal year ended June 30, 2005 are as follows:

- Membership contributions revenue was \$98,874. This increased \$38,367 or 63.4 percent from \$60,507 from fiscal year 2004.
- Underwriting revenue continued to increase during fiscal year 2005.
- The Station continued to work with national consultants to increase revenue, its listening audience and listener loyalty.

Using this Annual Report

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

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

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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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 2005?" 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, 2005
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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 2005 compared to fiscal year 2004 as follows:

Table 1
Net Assets at June 30,

	Governmental Activities	
	2005	2004
Assets		
Current and Other Assets	\$524,994	\$431,474
Capital Assets, Net	135,470	137,831
<i>Total Assets</i>	<i>660,464</i>	<i>569,305</i>
Liabilities		
Current and Other Liabilities	44,758	46,936
Long-Term Liabilities:		
Due Within One Year	15,597	16,420
Due in More than One Year	29,805	27,197
<i>Total Liabilities</i>	<i>90,160</i>	<i>90,553</i>
Net Assets		
Invested in Capital Assets	135,470	137,831
Restricted:		
Other Purposes	55,195	69,762
Unrestricted	379,639	271,159
<i>Total Net Assets</i>	<i>\$570,304</i>	<i>\$478,752</i>

Total assets increased \$91,159. Cash, cash equivalents and investments increased \$89,295 with the majority of the increase in the general fund. The increase in cash, cash equivalents and investments in the general fund is mainly attributed to increasing popularity of the Station through its marketing and on-air product. In addition, the Station is benefiting from the increase in signal power. The Station more than doubled its power by going to a taller tower in fiscal year 2003. The Station continues to reap the benefits of this power increase. This led to an increase in the number of members and underwriters, which resulted in increased revenue. Plus, members are making larger contributions. The Station hired 3 sales consultants in fiscal year 2005 which helped bring in additional underwriting revenue during the current fiscal year.

Total liabilities decreased \$393. The decrease in liabilities was not significant.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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The net impact of the assets increase and the liabilities decrease was an increase of net assets of \$91,552.

Table 2 shows the changes in net assets for fiscal years 2005 and 2004 for governmental activities as follows:

Table 2		
Change in Net Assets for Governmental Activities		
	2005	2004
Revenues		
<i>Program Revenues:</i>		
Operating Grants, Contributions and Interest	\$63,894	\$60,441
<i>General Revenues:</i>		
Akron City School District	292,461	266,369
Membership Contributions	98,874	60,507
Underwriting	136,701	121,705
In-Kind Contributions	6,100	3,000
Donated Facilities and Administrative Support	60,034	62,082
Miscellaneous	24,924	21,889
<i>Total General Revenues</i>	619,094	535,552
Total Revenues	682,988	595,993
Program Expenses		
<i>Program Services:</i>		
Programming and Production	358,727	297,277
Broadcasting	48,468	40,398
Public Information	20,950	17,303
<i>Support Services:</i>		
Management and General	114,907	109,327
Fundraising and Membership	48,384	45,977
Total Program Expenses	591,436	510,282
Increase in Net Assets	\$91,552	\$85,711

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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While program revenues increased for governmental activities from \$60,441 to \$63,894, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$535,552 in fiscal year 2004 to \$619,094 in fiscal year 2005. General revenues comprised 90.6 percent of revenues supporting governmental activities. The primary sources of the increase were Akron City School District support (\$26,092), membership contributions (\$38,367), and underwriting (\$14,996). The increase in Akron City School District revenue was the result of the necessity for more support in fiscal year 2005 due to increased salaries and benefits for the Station. The increase in membership contributions and underwriting is attributed to increasing popularity of the Station through its marketing and on-air product, as previously discussed. In addition, the Station is benefiting from the increase in signal power. The Station more than doubled its power by going to a taller tower in fiscal year 2003. The Station continues to reap the benefits of this power increase. This led to an increase in the number of members and underwriters, which resulted in increased revenue. Plus, members are making larger contributions. The Station hired 3 sales consultants in fiscal year 2005 which helped bring in additional underwriting revenue during the current fiscal year.

Program expenses increased from \$510,282 in fiscal year 2004 to \$591,436, a 15.9 percent increase. Much of this increase resulted from a general increase in salaries and benefits. This also accounts for most of the increase in programming and production expenses, which had the largest increase in terms of dollars (\$61,450) and the largest amount of expenses, comprising 60.7 percent of expenses. The largest increase in terms of percentage was in public information expenses, which went up 21.1 percent. This increase was also attributed to the increase in salaries and benefits. Also, the increases in programming and production expenses and public information expenses can be attributed to increased service contracts for on-air personalities, sales, and engineering.

While expense increases were consistent with expectations, the increases in Akron City School District support, membership contributions, and underwriting revenue resulted in a rise of net assets of \$91,552.

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 Akron City School District support, membership contributions, and underwriting revenue.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Table 3

	<u>2005</u>		<u>2004</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Program Expenses				
Program Services:				
Programming and Production	\$358,727	\$304,417	\$297,277	\$245,902
Broadcasting	48,468	42,079	40,398	34,354
Public Information	20,950	17,755	17,303	14,281
Support Services:				
Management and General	114,907	114,907	109,327	109,327
Fundraising and Membership	48,384	48,384	45,977	45,977
Total	<u><u>\$591,436</u></u>	<u><u>\$527,542</u></u>	<u><u>\$510,282</u></u>	<u><u>\$449,841</u></u>

The dependence upon general revenues for governmental activities is apparent. 89.2 percent of governmental activities are supported through Akron City School District support and other general revenues; such revenues are 90.6 percent of total governmental revenues. The School District, 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 \$679,966 and expenditures of \$601,088. The net change in fund balances for the fiscal year was an increase of \$78,878 for all governmental funds with the most significant increase in the general fund. The general fund's net change in fund balance for fiscal year 2005 was an increase of \$93,445, and the CPB grants fund's net change in fund balance for fiscal year 2005 was a decrease of \$14,567. This played a significant part in causing the undesignated fund balances in the general fund to increase from \$320,976 in fiscal year 2004 to \$416,204 in fiscal year 2005 and in the CPB grants fund to decrease from \$69,762 in fiscal year 2004 to \$55,195 in fiscal year 2005. The general fund's net change in fund balance can be attributed to increasing popularity of the Station through its marketing and on-air product, as previously discussed. In addition, the Station is benefiting from the increase in signal power. The Station more than doubled its power by going to a taller tower in fiscal year 2003. The Station continues to reap the benefits of this power increase. This led to an increase in the number of members and underwriters, which resulted in increased revenue. Plus, members are making larger contributions. The Station hired 3 sales consultants in fiscal year 2005 which helped bring in additional underwriting revenue during the current fiscal year. The CPB grants fund's net change in fund balance is attributed to spending more of the CPB grant funds during fiscal year 2005 than what was received. Each CPB grant has a grant period of two years, and the Station is awarded a CPB grant on an annual basis. The remaining amount of these grant funds not expended may be carried over to future fiscal years and spent in those future fiscal years.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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Capital Assets

At the end of fiscal year 2005, the Station had \$135,470 invested in furniture and fixtures, equipment and vehicles. Table 4 shows fiscal year 2005 balances compared to fiscal year 2004 as follows:

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

	Governmental Activities	
	2005	2004
Furniture and Fixtures	\$8,682	\$9,262
Office Equipment	8,409	10,494
Telecommunications Equipment	113,462	118,075
Vehicles	4,917	0
Totals	\$135,470	\$137,831

The decrease is mainly due to recognizing \$13,180 in depreciation expense in fiscal year 2005. The largest decrease in value was in telecommunications equipment. Depreciation expense is offset by purchases during the current fiscal year of an audio processor and a 1977 Chevrolet El Camino amounting to \$11,075. For further information on capital assets, see Note 6 to the basic financial statements.

For the Future

For the future, the Station is looking for ways to continue increasing revenues. Underwriting from area businesses remains the most attractive resource. To ensure this happens, the Station will continue to contract with 3 sales consultants who will cover different geographic territories and be paid on a commission basis.

Also, the goal for the future is to retain current members and market to potential new members. By hiring the 3 sales consultants, management will have more time to focus on membership. The Station has implemented a five-year plan for revenue growth.

The Station's volunteer program is expected to grow in future fiscal years. This program was first introduced in fiscal year 2004 with nearly 50 active people giving their time at Station events and charitable events.

The Station's general manager is creating an advisory board. This board will be in place by the end of the first quarter of calendar year 2006. The board's purpose will be to raise awareness of the Station to its listening audience and increase member and underwriting contributions.

The Station's management must plan carefully and prudently to provide the resources to meet audience needs over the next several fiscal years. Also, management still must diligently plan expenses.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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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.

WAPS-FM Akron City School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash, Cash Equivalents and Investments	\$512,598
Accounts Receivable	12,396
Depreciable Capital Assets, Net	<u>135,470</u>
<i>Total Assets</i>	<u>660,464</u>
Liabilities	
Accounts Payable	2,389
Intergovernmental Payable	21,328
Deferred Revenue	21,041
Long-Term Liabilities:	
Due Within One Year	15,597
Due In More Than One Year	<u>29,805</u>
<i>Total Liabilities</i>	<u>90,160</u>
Net Assets	
Invested in Capital Assets	135,470
Restricted for:	
Other Purposes	55,195
Unrestricted	<u>379,639</u>
<i>Total Net Assets</i>	<u><u>\$570,304</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, 2005

	<u>Expenses</u>	<u>Program Revenues Operating Grants, Contributions and Interest</u>	<u>Net (Expenses) and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
Program Services:			
Programming and Production	\$358,727	\$54,310	(\$304,417)
Broadcasting	48,468	6,389	(42,079)
Public Information	20,950	3,195	(17,755)
Support Services:			
Management and General	114,907	0	(114,907)
Fundraising and Membership	48,384	0	(48,384)
<i>Total Governmental Activities</i>	<u>\$591,436</u>	<u>\$63,894</u>	<u>(\$527,542)</u>
 General Revenues			
Akron City School District			292,461
Membership Contributions			98,874
Underwriting			136,701
In-Kind Contributions			6,100
Donated Facilities Use and Administrative Support			60,034
Miscellaneous			24,924
<i>Total General Revenues</i>			<u>619,094</u>
Change in Net Assets			91,552
<i>Net Assets at Beginning of Fiscal Year</i>			<u>478,752</u>
<i>Net Assets at End of Fiscal Year</i>			<u><u>\$570,304</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District

Balance Sheet

Governmental Funds

June 30, 2005

	General	CPB Grants	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash, Cash Equivalents and Investments	\$456,183	\$56,415	\$512,598
Accounts Receivable	12,396	0	12,396
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$468,579</u>	<u>\$56,415</u>	<u>\$524,994</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,169	\$1,220	\$2,389
Intergovernmental Payable	21,328	0	21,328
Deferred Revenue	29,878	0	29,878
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>52,375</u>	<u>1,220</u>	<u>53,595</u>
Fund Balances			
Undesignated, Reported in:			
General Fund	416,204	0	416,204
Special Revenue Fund	0	55,195	55,195
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>416,204</u>	<u>55,195</u>	<u>471,399</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$468,579</u>	<u>\$56,415</u>	<u>\$524,994</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, 2005

Total Governmental Fund Balances	\$471,399
 <i>Amounts reported for governmental activities in the</i> <i>statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	135,470
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Deferred Membership Contributions Revenue	8,837
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Compensated Absences	<u>(45,402)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$570,304</u></u>

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, 2005

	General	CPB Grants	Total Governmental Funds
Revenues			
Akron City School District	\$292,461	\$0	\$292,461
CPB Grants	0	63,894	63,894
Membership Contributions	95,852	0	95,852
Underwriting	136,701	0	136,701
In-Kind Contributions	6,100	0	6,100
Donated Facilities Use and Administrative Support	60,034	0	60,034
Miscellaneous	24,924	0	24,924
<i>Total Revenues</i>	<u>616,072</u>	<u>63,894</u>	<u>679,966</u>
Expenditures			
Current:			
Program Services:			
Programming and Production	305,837	66,692	372,529
Broadcasting	35,980	7,846	43,826
Public Information	17,992	3,923	21,915
Support Services:			
Management and General	113,973	0	113,973
Fundraising and Membership	48,845	0	48,845
<i>Total Expenditures</i>	<u>522,627</u>	<u>78,461</u>	<u>601,088</u>
<i>Net Change in Fund Balances</i>	93,445	(14,567)	78,878
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>322,759</u>	<u>69,762</u>	<u>392,521</u>
<i>Fund Balances at End of Fiscal Year</i>	<u><u>\$416,204</u></u>	<u><u>\$55,195</u></u>	<u><u>\$471,399</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
*Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds \$78,878

*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	11,075	
Current Year Depreciation	(13,180)	
Total		(2,105)

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. (256)

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

Membership Contributions	3,022
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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	(1,785)	
Pension Obligation	13,798	
Total		12,013

Change in Net Assets of Governmental Activities \$91,552

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, 2005

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. A portion of the School District's general fund and portions of one of its special revenue funds comprise the operations of the Station.

The Station is staffed by 7 employees. 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 the Northeast Ohio area.

Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 segment.

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 whose use is restricted to a particular purpose.

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, 2005

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, 2005

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, cash equivalents and investments 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 2005, the School District's investments were limited to overnight repurchase agreements, Federal Home Loan Bank notes, Federal Home Loan Mortgage Corporation notes, U.S. Treasury notes, Federal National Mortgage Association discount notes, a First American Treasury Money Market Fund, an Allegiant 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, 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

The Station has an arrangement with the Akron City School District whereby the School District subsidizes the Station for certain operating expenditures/expenses incurred. The amount of the expenditures/expenses paid by the School District on behalf of the Station totaled \$292,461 during fiscal year 2005. This amount is also included in the basic financial statements as Akron City School District revenue. All of the Station employees are employees of the 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 \$60,034 for fiscal year 2005, 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, 2005

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 \$500. The Station does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Fixtures	10 - 30 years
Office Equipment	10 years
Telecommunications 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

K. Fund Balance Reserves

The Station reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund balance which is available for appropriation in future periods.

L. Net Assets

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

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

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 2005, the Station has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosure”, an amendment of GASB Statement No. 3. GASB Statement No. 40 addresses common deposit and investment risk related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This Statement is designed to inform financial statement users about deposit and investment risk that could affect a government’s ability to provide services and meet its obligations.

Also for fiscal year 2005, the Station has implemented GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Post Employment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers”. This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing, multiple-employer pension plan and other post employment plans. The implementation of GASB Technical Bulletin No. 2004-2 did not materially affect the financial statements of the station.

Note 4 - Deposits and Investments

The Station’s cash, cash equivalents and investments of \$512,598 consist of monies held in the School District’s cash management pool. Thus, a determination of the breakdown of the Station’s cash, cash equivalents and investments 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, \$2,612,592 of the School District’s bank balance of \$2,917,592 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.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

Additionally, the School District held \$29,698,000 in overnight repurchase agreements, \$27,532,973 in Federal Home Loan Bank Notes, \$20,717,416 in Federal Home Loan Mortgage Corporation Notes, \$7,737,156 in U.S. Treasury Notes, \$25,561,765 in Federal National Mortgage Association Discount Notes, \$11,238,760 in an Allegiant Treasury Money Market Fund and \$33,315 in a First American Treasury Money Market Mutual Fund at fiscal year end. All of the School District's investments had a maturity of less than 1 year.

The overnight repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes carry a rating of AAA by Standard and Poor's and Aaa by Moody's Investor Service. The U.S. Treasury Notes carry a rating of AAA by Standard and Poor's and AAA by Moody's Investor Service. The Allegiant Treasury Money Market Fund and First American Treasury Money Market Fund carry a rating of AAAM by Standard and Poor's and Aaa by Moody's Investor 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).

Note 5 – Receivables

Receivables at June 30, 2005, consisted of accounts (membership contributions). All receivables are considered collectible in full due to the ability to collect all of the pledges from members based on historical trends. 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, 2005, was as follows:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

	Balance 6/30/2004	Additions	Deletions	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets, being depreciated:</i>				
Furniture and Fixtures	\$12,889	\$0	\$0	\$12,889
Office Equipment	20,907	0	0	20,907
Telecommunications Equipment	205,535	6,075	(512)	211,098
Vehicles	0	5,000	0	5,000
<i>Total Capital Assets, being depreciated</i>	<u>239,331</u>	<u>11,075</u>	<u>(512)</u>	<u>249,894</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(3,627)	(580)	0	(4,207)
Office Equipment	(10,413)	(2,085)	0	(12,498)
Telecommunications Equipment	(87,460)	(10,432)	256	(97,636)
Vehicles	0	(83)	0	(83)
Total Accumulated Depreciation	<u>(101,500)</u>	<u>(13,180) *</u>	<u>256</u>	<u>(114,424)</u>
Governmental Activities Capital Assets, Net	<u>\$137,831</u>	<u>(\$2,105)</u>	<u>(\$256)</u>	<u>\$135,470</u>

* Depreciation expense was charged to governmental functions as follows:

Program Services:	
Programming and Production	\$4,515
Broadcasting	6,540
Public Information	113
Support Services:	
Management and General	2,012
Total Depreciation Expense	<u>\$13,180</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, liability insurance, and inland marine coverage during fiscal year 2005. Coverage provided is as follows:

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Type of Coverage	Coverage Amount
Building and Contents - loss limit (\$50,000 deductible)	\$100,000,000
Boiler and Machinery (\$5,000 deductible)	100,000,000
General Liability	
Per occurrence (\$25,000 self-insured retention)	1,000,000
Total per year (with a \$1,000,000 umbrella)	2,000,000

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 pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plan

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability 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 the SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

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 rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Station's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$27,191, \$22,428 and \$18,787, respectively; 53.70 percent has been contributed for 2005 and 100 percent for fiscal years 2004 and 2003.

Note 9 - Post Employment Benefits

The School District provides comprehensive health care benefits to retired non-certified employees and their dependents through the SERS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by the Ohio Revised Code. SERS is funded on a pay-as-you-go basis.

Coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion their premium for health care. The portion is based on years of service, Medicare eligibility and retirement status. Premiums may be reduced for retirees whose household income falls below poverty levels.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established as \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the Station, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$11,056.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

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 5 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 400 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 Medical 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>6/30/2004</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2005</u>	Amount Due in <u>One Year</u>
Compensated Absences	\$43,617	\$18,205	(\$16,420)	\$45,402	\$15,597

Compensated absences will be paid from the general fund.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 12 - Contingencies

A. Grants

The Station received financial assistance from grantor agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the Station at June 30, 2005.

B. Litigation

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

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Auditor of State Betty Montgomery

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, 2005, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 28, 2005. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Station's management dated November 28, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Station's management dated November 28, 2005, we reported other matters related to noncompliance we deemed immaterial.

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WAPS-FM
Akron City School District
Summit County
Independent Accountants' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Akron City School District Board of Education, and the Corporation for Public Broadcasting. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 28, 2005

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	An unapproved bank account was opened with Station funds and expenditures were made from the account which were not appropriate	Yes	



**Auditor of State
Betty Montgomery**

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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 22, 2005**