



Dave Yost • Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities.....	12
Fund Balance Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Basic Financial Statements	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31

This page intentionally left blank.



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, 2014 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, 2014, 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 remaining fund information 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, 2014, and the changes in its financial for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 30, 2014, 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 30, 2014

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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, 2014. 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, 2014 are as follows:

- Total net position decreased \$14,724. This is a 1.3 percent decrease from fiscal year 2013.
- Total revenues increased to \$793,395 from \$665,366. This is an increase of \$128,029 or 19.2 percent.
- Total program expenses were \$808,119. Total program expenses increased from \$706,916 from fiscal year 2013. This is an increase of \$101,203 or 14.3 percent.
- The fund balance in the general fund decreased \$50,415. This is a 6.3 percent decrease from fiscal year 2013.

Station Highlights

Significant Station highlights for the fiscal year ended June 30, 2014 are as follows:

- Membership contributions revenue was \$202,246 in fiscal year 2014 and continues to be a major source of revenue for the Station. This increased \$25,295 or 14.3% from \$176,951 from fiscal year 2013. 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 2014.
- Underwriting revenue was \$342,326 and continues to be a major source of revenue. This increased \$35,080 or 11.4% from \$307,246 from fiscal year 2013. 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, 2014
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 2014?” 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 9. Fund financial reports provide detailed information about the Station’s major funds. The Station uses funds to account for a multitude of financial transactions, and the fund financial statements focus on the Station’s funds. The Station’s major governmental funds are the general fund and the Corporation for Public Broadcasting (CPB) grants fund.

Governmental Funds – All of the Station’s activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future fiscal years. These funds are reported using a basis of accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Station’s general government operations and the basic services it provides. Governmental fund information helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationships or differences between governmental activities reported in the Statement of Net 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 2014 compared to fiscal year 2013 as follows:

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Table 1
Net Position at June 30,

	Governmental Activities	
	2014	2013
Assets		
Current and Other Assets	\$929,347	\$932,576
Capital Assets, Net	250,321	272,895
<i>Total Assets</i>	<u>1,179,668</u>	<u>1,205,471</u>
Liabilities		
Current and Other Liabilities	39,835	52,125
Long-Term Liabilities:		
Due Within One Year	14,133	14,835
Due in More than One Year	21,443	19,530
<i>Total Liabilities</i>	<u>75,411</u>	<u>86,490</u>
Net Position		
Net Investment in Capital Assets	250,321	272,895
Restricted:		
Other Purposes	101,738	63,481
Unrestricted	752,198	782,605
<i>Total Net Position</i>	<u>\$1,104,257</u>	<u>\$1,118,981</u>

Total assets decreased \$25,803.

Cash and cash equivalents decreased \$52,734.

The majority of the decrease in cash and cash equivalents occurred in the general fund, which amounted to \$59,242. This decrease was due to program expenses increasing by \$101,203. Program expenses in the following categories increased: wages, sales commissions, technical services and internet access services. Wages increased because all Station employees received a 2.0 percent pay raise in fiscal year 2014. Sales commissions increased due to underwriting revenue increasing. An increase in underwriting revenue brings with it more compensation to sales representatives. Also, sales commissions increased due to the broadcast expansion into the Mahoning Valley and marketing to that area. Technical services increased because additional contractors were hired to broadcast the Rock and Recovery and KIDJAM! Radio programs over the internet. In addition, technical services increased because of costs associated with smart phone brand expansion services. Internet access services increased due to the purchase of a new dedicated T1 high-speed internet line for broadcast transmission for 90.7 WKTL-FM, our Youngstown, Ohio area affiliate radio station.

Also, capital assets decreased \$22,574. See below for further explanation for the decrease in capital assets.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

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

CPB grants receivable increased \$31,149. In most fiscal years, the Station receives its entire award amount for its annual CPB grant by June 30. This was the case for the 2013 fiscal year annual CPB grant. However, in fiscal year 2014, the Radio Station received only \$61,404 of its \$92,553 award amount for the annual CPB grant by June 30. This caused a \$31,149 CPB grants receivable to be reported as of June 30, 2014.

In addition, accounts receivable increased \$18,356. This increase was partly due to an increase in the receivable for underwriting spots of \$10,373. The increase in the receivable for underwriting spots occurred because the Station began simulcasting at 90.7 FM throughout Youngstown, Warren and western Pennsylvania in fiscal year 2011. The increased coverage area has continued to lead to additional listeners and Station supporters in fiscal year 2014, and therefore, more pledges in fiscal year 2014. In addition, the increase in accounts receivable was partly due to an increase in the receivable for membership contributions of \$7,983. The increase in membership contributions also occurred because of the expansion into Youngstown, Warren and western Pennsylvania.

Total liabilities decreased \$11,079.

A decrease in unearned revenue of \$11,324 caused the majority of the decrease in liabilities. 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, 2013, the Station had received \$49,552 in underwriting revenue where the underwriting spots occurred in future fiscal years. On the other hand, the Station received \$38,228 in underwriting revenue as of June 30, 2014 for underwriting spots that will air in future fiscal years.

The net impact of the assets decrease and the liabilities decrease was a decrease of net position of \$14,724.

Table 2 shows the changes in net position for fiscal years 2014 and 2013 for governmental activities as follows:

Table 2		
Change in Net Position for Governmental Activities		
	2014	2013
Revenues		
<i>Program Revenues:</i>		
Operating Grants, Contributions and Interest	\$92,553	\$88,803
<i>General Revenues:</i>		
Membership Contributions	202,246	176,951
Underwriting	342,326	307,246
In-Kind Contributions	57,333	0
Donated Facilities Use and Administrative Support	90,330	83,287
Miscellaneous	8,607	9,079
<i>Total General Revenues</i>	700,842	576,563
Total Revenues	793,395	665,366

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	2014	2013
Program Expenses		
Program Services:		
Programming and Production	366,522	340,490
Broadcasting	43,120	40,059
Public Information	21,560	20,028
Support Services:		
Management and General	263,842	214,438
Fundraising and Membership	113,075	91,901
Total Program Expenses	808,119	706,916
(Decrease) in Net Position	(\$14,724)	(\$41,550)

While program revenues increased for governmental activities from \$88,803 to \$92,553, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$576,563 in fiscal year 2013 to \$700,842 in fiscal year 2014. General revenues comprised 88.3 percent of revenues supporting governmental activities. The primary sources of the increase were in-kind contributions revenue of \$57,333, underwriting revenue of \$35,080 and membership contributions revenue of \$25,295.

The increase in in-kind contributions revenue occurred because of a broadcast agreement with Struthers City School District (SCSD) and because of some barter transactions between the Station and some local businesses in fiscal year 2014. As part of the broadcast agreement, the Station provided underwriting and public service announcements to SCSD, SCSD's sponsors and nonprofit organizations in the Struthers and Youngstown, Ohio area at no cost in fiscal year 2014. The current fiscal year was the first fiscal year the estimated value of the underwriting and public service announcements were reported on the Stations' basic financial statements.

Plus, the Station entered into some barter agreements with some local businesses where the Radio Station provided underwriting spots at no cost in exchange for services in fiscal year 2014. The current fiscal year was the first fiscal year where the estimated value of underwriting spots in barter agreements were reported on the Stations' basic financial statements.

The increase in underwriting revenue was due to growing business support. The Station has seen an increase in business support because of the expansion into the Mahoning Valley.

Membership contributions revenue also increased because of the expansion into the Mahoning Valley.

Program expenses increased from \$706,916 in fiscal year 2013 to \$808,119, a \$101,203 or 14.3 percent increase. Management and general expenses had the largest increase in terms of dollars, \$49,404. Management and general and fundraising and membership expenses, which are classified as support services expenses, both had increases of 23.0 percent. Programming and production expenses had the largest amount of expenses, comprising 45.4 percent of expenses. Programming and production expenses, which are classified as program services expenses, increased \$26,032 or 7.6 percent.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

The increase in support services expenses was mainly due to the increase in in-kind contributions revenue. As previously discussed, the Station reported \$57,333 of in-kind contributions revenue during the current fiscal year that was not reported in the prior fiscal year. A corresponding amount was classified as support services expenses for this \$57,333 of in-kind contributions revenue. In addition, support services expenses increased because of increases in wages and sales commissions. The reasons for the increases in wages and sales commissions were previously discussed.

The increase in program services expenses can be attributed to increases in the following expense categories: wages, technical services and internet access services. The reasons for increases in wages, technical services and internet access services were previously discussed.

While program expenses increases were consistent with expectations, the increases in in-kind contributions revenue, underwriting revenue, and membership contributions revenue resulted in a reduction of net position of \$14,724.

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

Table 3

	<u>2014</u>		<u>2013</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	\$366,522	\$287,852	\$340,490	\$265,007
Broadcasting	43,120	33,865	40,059	31,179
Public Information	21,560	16,932	20,028	15,588
Support Services:				
Management and General	263,842	263,842	214,438	214,438
Fundraising and Membership	113,075	113,075	91,901	91,901
Total	<u>\$808,119</u>	<u>\$715,566</u>	<u>\$706,916</u>	<u>\$618,113</u>

The dependence upon general revenues for governmental activities is apparent. 88.6 percent of governmental activities are supported through underwriting and other general revenues; such revenues are 88.3 percent of total governmental revenues. The underwriters and members are by far the primary support for the Station's listening audience.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

The Station's Funds

Information about the Station's major funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$772,176 and expenditures of \$784,334. The net change in fund balances for the fiscal year was a decrease of \$12,158 for all governmental funds. The general fund's net change in fund balance for fiscal year 2014 was a decrease of \$50,415 and the CPB grants fund's net change in fund balance for fiscal year 2014 was an increase of \$38,257. This played a significant part in causing the unassigned fund balance in the general fund to decrease from \$799,537 in fiscal year 2013 to \$750,698 in fiscal year 2014 and the restricted fund balance in the CPB grants fund to increase from \$63,481 in fiscal year 2013 to \$101,738 in fiscal year 2014.

The general fund's net change in fund balance can be attributed to increases in expenditures. This increase was mainly due to an increase in wages, sales commissions, technical services and internet access services, as previously discussed.

The CPB grants fund's net change in fund balance is due to revenues exceeding expenditures by such a large amount. Revenues in the CPB grants fund increased from \$88,803 in fiscal year 2013 to \$92,553 in fiscal year 2014, and expenditures increased from \$42,262 in fiscal year 2013 to \$54,296 in fiscal year 2014. However, it was the large disparity between revenues of \$92,553 and expenditures of \$54,296 that caused the net change in fund balance to increase from \$63,481 in fiscal year 2013 to \$101,738 in fiscal year 2014.

Capital Assets

At the end of fiscal year 2014, the Station had \$250,321 invested in furniture and fixtures, and equipment. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013 as follows:

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

	Governmental Activities	
	2014	2013
Furniture and Fixtures	\$17,150	\$18,142
Broadcasting Equipment	233,171	254,753
Totals	\$250,321	\$272,895

This decrease was completely due to depreciation expense of \$22,574. The Station did not purchase any capital assets during the current fiscal year and disposed of one fully depreciated capital asset during the current fiscal year. For further information on capital assets, see Note 5 to the basic financial statements.

For the Future

The Station management, staff and volunteers are deeply engaged and fully immersed in its five-year strategic plan.

The Station has successfully become financially self-sustaining. In fact, the basic financial statements reflect that no Station salaries or health benefits are paid by the School District.

WAPS-FM AKRON CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

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

The revenue goals include 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. 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 Friends of 91.3. The Station's general manager created an advisory board in fiscal year 2006. The advisory board's purpose is to raise awareness of the Station to its listening audience and to increase member and underwriting contributions.

Contacting the Station's Management

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

WAPS-FM Akron City School District

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$835,407
Accounts Receivable	62,791
CPB Grants Receivable	31,149
Depreciable Capital Assets, Net	<u>250,321</u>
<i>Total Assets</i>	<u>1,179,668</u>
Liabilities	
Accounts Payable	1,607
Unearned Revenue	38,228
Long-Term Liabilities:	
Due Within One Year	14,133
Due In More Than One Year	<u>21,443</u>
<i>Total Liabilities</i>	<u>75,411</u>
Net Position	
Net Investment in Capital Assets	250,321
Restricted for:	
Other Purposes	101,738
Unrestricted	<u>752,198</u>
<i>Total Net Position</i>	<u><u>\$1,104,257</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, 2014

	Expenses	Program Revenues Operating Grants, Contributions and Interest	Net (Expenses) and Changes in Net Position Governmental Activities
Governmental Activities			
Program Services:			
Programming and Production	\$366,522	\$78,670	(\$287,852)
Broadcasting	43,120	9,255	(33,865)
Public Information	21,560	4,628	(16,932)
Support Services:			
Management and General	263,842	0	(263,842)
Fundraising and Membership	113,075	0	(113,075)
<i>Total Governmental Activities</i>	<u>\$808,119</u>	<u>\$92,553</u>	<u>(\$715,566)</u>
 General Revenues			
Membership Contributions			202,246
Underwriting			342,326
In-Kind Contributions			57,333
Donated Facilities Use and Administrative Support			90,330
Miscellaneous			8,607
<i>Total General Revenues</i>			<u>700,842</u>
 Change in Net Position			(14,724)
 <i>Net Position at Beginning of Fiscal Year</i>			<u>1,118,981</u>
 <i>Net Position at End of Fiscal Year</i>			<u><u>\$1,104,257</u></u>

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	CPB Grants	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$764,818	\$70,589	\$835,407
Accounts Receivable	62,791	0	62,791
CPB Grants Receivable	0	31,149	31,149
<i>Total Assets</i>	<u>\$827,609</u>	<u>\$101,738</u>	<u>\$929,347</u>
Liabilities			
Accounts Payable	\$1,607	\$0	\$1,607
Unearned Revenue	38,228	0	38,228
<i>Total Liabilities</i>	<u>39,835</u>	<u>0</u>	<u>39,835</u>
Deferred Inflows of Resources			
Unavailable Revenue-Membership Contributions	29,628	0	29,628
Unavailable Revenue-Underwriting	2,736	0	2,736
<i>Total Deferred Inflows of Resources</i>	<u>32,364</u>	<u>0</u>	<u>32,364</u>
Fund Balances			
Restricted	0	101,738	101,738
Assigned	4,712	0	4,712
Unassigned	750,698	0	750,698
<i>Total Fund Balances</i>	<u>755,410</u>	<u>101,738</u>	<u>857,148</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$827,609</u>	<u>\$101,738</u>	<u>\$929,347</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, 2014*

Total Governmental Fund Balances \$857,148

***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. 250,321

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	29,628	
Underwriting	<u>2,736</u>	
Total		32,364

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

Compensated Absences	<u>(35,576)</u>
----------------------	-----------------

Net Position of Governmental Activities \$1,104,257

See accompanying notes to the basic financial statements

WAPS-FM Akron City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	CPB Grants	Total Governmental Funds
Revenues			
CPB Grants	\$0	\$92,553	\$92,553
Membership Contributions	183,163	0	183,163
Underwriting	340,190	0	340,190
In-Kind Contributions	57,333	0	57,333
Donated Facilities Use and Administrative Support	90,330	0	90,330
Miscellaneous	8,607	0	8,607
<i>Total Revenues</i>	<u>679,623</u>	<u>92,553</u>	<u>772,176</u>
Expenditures			
Current:			
Program Services:			
Programming and Production	300,724	46,152	346,876
Broadcasting	35,379	5,429	40,808
Public Information	17,690	2,715	20,405
Support Services:			
Management and General	263,371	0	263,371
Fundraising and Membership	112,874	0	112,874
<i>Total Expenditures</i>	<u>730,038</u>	<u>54,296</u>	<u>784,334</u>
<i>Net Change in Fund Balances</i>	(50,415)	38,257	(12,158)
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>805,825</u>	<u>63,481</u>	<u>869,306</u>
<i>Fund Balances at End of Fiscal Year</i>	<u><u>\$755,410</u></u>	<u><u>\$101,738</u></u>	<u><u>\$857,148</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, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$12,158)

*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 (22,574)

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

Membership Contributions	19,083	
Underwriting	2,136	
Total		21,219

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 (1,211)

Change in Net Position of Governmental Activities (\$14,724)

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, 2014

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, 2014

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, 2014

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 net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. 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, 2014

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Station, deferred inflows of resources include unavailable revenue. 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 2014, the School District's investments were limited to overnight repurchase agreements, 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.

G. In-Kind Contributions

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

In addition, the Radio Station has entered into barter agreements during the current fiscal year where the Radio Station has provided underwriting spots to local businesses for services. Barter transactions are reported at the estimated fair value of the services received. Revenue is reported when the underwriting spots are broadcast, and the services received are reported when received as expenditures/expenses. Barter transactions amounted to \$12,333 during fiscal year 2014.

Transactions associated with the license agreement and barter agreements are classified as in-kind contributions revenue and with a corresponding amount classified as support services expenditures/expenses. The collective total for these transactions for fiscal year 2014 was \$57,333.

H. 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 \$90,330 for fiscal year 2014, and is included in donated facilities use and administrative support revenue and support services expenditures/expenses.

I. Capital Assets

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

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

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

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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.

M. Fund Balances

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

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

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 for 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.

N. Estimates

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

Note 3 - Deposits and Investments

The Station’s cash and cash equivalents of \$835,407 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 \$89,386,982 of the School District’s bank balance of \$90,636,982 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, 2014, the School District had the following investments, which all had maturities of less than 1 year:

	Carrying Value	% to Total
Overnight Repurchase Agreements	\$46,580,805	98.89%
Federated U.S. Treasury Money Market Fund	523,575	1.11
Total Investments	\$47,104,380	100.00%

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 4 – Receivables

Receivables at June 30, 2014, 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.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2014</u>
Governmental Activities				
<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	(1,095)	451,394
Vehicles	5,000	0	0	5,000
<i>Total Capital Assets, being depreciated</i>	<u>485,172</u>	<u>0</u>	<u>(1,095)</u>	<u>484,077</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(8,066)	(992)	0	(9,058)
Office Equipment	(1,475)	0	0	(1,475)
Broadcasting Equipment	(197,736)	(21,582)	1,095	(218,223)
Vehicles	(5,000)	0	0	(5,000)
Total Accumulated Depreciation	<u>(212,277)</u>	<u>(22,574) *</u>	<u>1,095</u>	<u>(233,756)</u>
Governmental Activities Capital Assets, Net	<u>\$272,895</u>	<u>(\$22,574)</u>	<u>\$0</u>	<u>\$250,321</u>

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

* Depreciation expense was charged to governmental functions as follows:

Program Services:	
Programming and Production	\$19,028
Broadcasting	2,239
Public Information	1,119
Support Services:	
Management and General	132
Fundraising and Membership	<u>56</u>
Total Depreciation Expense	<u><u>\$22,574</u></u>

Note 6 - Risk Management

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District contracted for property, inland marine, crime, general liability, excess liability, educators legal liability, employment practices liability and automobile coverage during fiscal year 2014. Coverage provided is as follows:

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	1,000,000
Employers Liability	1,000,000
Commercial Excess Liability (No deductible)	
General Aggregate Limit	1,000,000
Each Occurrence Limit	1,000,000
Educators Legal Liability (\$25,000 deductible)	
Annual Aggregate	2,000,000
Each Wrongful Act	1,000,000
Employment Practices Liability (\$25,000 deductible)	
Annual Aggregate	3,000,000
Each Wrongful Act	1,000,000
Automobile (\$25,000 deductible)	
Liability	1,000,000
Uninsured/Underinsured Motorists	1,000,000

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Note 7 – Defined Benefit Pension Plan

A. Plan Description

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

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 2014, 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, 2014, 2013 and 2012 were \$30,826, \$30,263 and \$28,918, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 8 - Postemployment Benefits Other Than Pension

A. Plan Description

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

B. Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the SERS Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 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 2014, this amount was \$20,250.

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, 2014, 2013 and 2012 were \$329, \$449 and \$1,331, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

The SERS Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The Station's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,788, \$1,710 and \$1,708, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Other Employee Benefits

A. Compensated Absences

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

B. Insurance Benefits

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

Note 10 - Long-Term Obligations

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

Governmental Activities:	Principal Outstanding <u>6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/2014</u>	Amount Due in <u>One Year</u>
Compensated Absences	\$34,365	\$16,046	(\$14,835)	\$35,576	\$14,133

Compensated absences will be paid from the general fund.

Note 11 – Fund Balances

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

WAPS-FM Akron City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fund Balances	General Fund	CPB Grants	Total
<u>Restricted for:</u>			
National Public Radio programming	\$0	\$23,850	\$23,850
Commissions for underwriting sales	0	9,457	9,457
Production services and on-air talent	0	13,264	13,264
Tower rent	0	17,000	17,000
Office supplies	0	7,577	7,577
In-District mileage	0	1,300	1,300
Meetings and travel	0	4,000	4,000
Postage	0	3,500	3,500
Fuel to operate motor vehicles	0	632	632
Equipment	0	13,160	13,160
Audit costs	0	7,998	7,998
<i>Total Restricted</i>	<u>0</u>	<u>101,738</u>	<u>101,738</u>
<u>Assigned to:</u>			
Employer contributions to SERS	4,378	0	4,378
Unemployment compensation	334	0	334
<i>Total Assigned</i>	<u>4,712</u>	<u>0</u>	<u>4,712</u>
Unassigned (Deficits)	<u>750,698</u>	<u>0</u>	<u>750,698</u>
Total Fund Balances	<u><u>\$755,410</u></u>	<u><u>\$101,738</u></u>	<u><u>\$857,148</u></u>

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

Note 12 - Contingencies

A. Grants

The Station received financial assistance from grantor agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the Station at June 30, 2014.

B. Litigation

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

This page intentionally left blank.



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, 2014, 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 30, 2014, wherein we noted the Station is part of the Akron City School District.

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*.

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 30, 2014



Dave Yost • Auditor of State

WAPS-FM AKRON CITY SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 13, 2015**