

***WAPS-FM***  
***AKRON CITY SCHOOL DISTRICT***  
***SUMMIT COUNTY***  
**Audit Report**  
**For the Year Ended June 30, 2016**







# Dave Yost • Auditor of State

Board of Education  
WAPS-FM Akron City School District  
65 Steiner Avenue  
Akron, Ohio 44301

We have reviewed the *Independent Auditor's Report* of the WAPS-FM Akron City School District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The WAPS-FM Akron City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 11, 2017

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**WAPS-FM  
AKRON CITY SCHOOL DISTRICT  
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AUDIT REPORT  
For the Year Ending June 30, 2016**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **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, 2016, and the related notes to the financial statements, which collectively comprise 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 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 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 opinion.

### ***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, 2016, 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, 2016, 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. 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* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Report on Summarized Comparative Information*

We have previously audited the Station's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2015. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of 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 Station's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***

December 9, 2016

**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
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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, 2016. 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, 2016 are as follows:

- Total net position decreased \$89,255. This is a 15.0 percent decrease from fiscal year 2015.
- Total revenues increased to \$820,508 from \$788,731. This is an increase of \$31,777 or 4.0 percent.
- Total program expenses were \$909,763. Total program expenses increased from \$832,811 from fiscal year 2015. This is an increase of \$76,952 or 9.2 percent.
- The fund balance in the general fund decreased \$51,070. This is a 7.0 percent decrease from fiscal year 2015.

Key financial highlights for the fiscal year ended June 30, 2015 are as follows:

- Total net position decreased \$44,080. This is a 6.91 percent decrease from fiscal year 2014.
- Total revenues decreased to \$788,731 from \$793,395. This is a decrease of \$4,664 or 0.6 percent.
- Total program expenses were \$832,811. Total program expenses increased from \$808,119 from fiscal year 2014. This is an increase of \$24,692 or 3.1 percent.
- The fund balance in the general fund decreased \$29,153. This is a 3.9 percent decrease from fiscal year 2014.

**Station Highlights**

Significant Station highlights for the fiscal year ended June 30, 2016 are as follows:

- Membership contributions revenue was \$227,585 in fiscal year 2016 and continues to be a major source of revenue for the Station. This increased \$29,590 or 14.9 percent from \$197,995 from fiscal year 2015. The Station has solidified a long-term broadcast agreement with 90.7 WKTL-FM throughout Youngstown, Warren and western Pennsylvania, which continues to play a part in increasing members.
- Underwriting revenue was \$334,986 and continues to be a major source of revenue. The Station continues to attract a highly desirable, intensely loyal listening audience. Businesses are continuing to put a value in reaching these potential new customers through supporting the Station.



**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
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Significant Station highlights for the fiscal year ended June 30, 2015 are as follows:

- Membership contributions revenue was \$197,995 in fiscal year 2015 and continues to be a major source of revenue for the Station. The Station has solidified a long-term broadcast agreement with 90.7 WKTL-FM throughout Youngstown, Warren and western Pennsylvania.
- Underwriting revenue was \$341,082 and continues to be a major source of revenue. The Station continues to attract a highly desirable, intensely loyal listening audience. Businesses are continuing to put a value in reaching these potential new customers through supporting the Station.
- During fiscal year 2015, the Station was honored with the following awards:
  - State of Ohio – Award for Advocacy Supporting Long-Term Recovery
  - State of Ohio – Auditor of State Award Exemplary Financial Reporting
  - United Way and Inside Business Magazine – Pinnacle Award Community Service
  - Margaret Clark Morgan Foundation – The Impact Award Innovation
  - Akron Life Magazine – Best Radio Station

**Using this Annual Report**

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

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

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

While the basic financial statements contain the funds used by the Station to provide programs and activities, the view of the Station as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" 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.

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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 11. 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 years 2016, 2015 and 2014 as follows:

Table 1  
Net Position at June 30,

	Governmental Activities		
	2016	2015	Restated 2014
<b>Assets</b>			
Current and Other Assets	\$863,225	\$929,698	\$929,347
Capital Assets, Net	214,721	231,911	250,321
<i>Total Assets</i>	1,077,946	1,161,609	1,179,668
<b>Deferred Outflows of Resources</b>			
<i>Pension</i>	44,828	37,476	34,113

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	<u>2016</u>	<u>2015</u>	<u>Restated 2014</u>
<b>Liabilities</b>			
Current and Other Liabilities	46,058	65,913	39,835
Long-Term Liabilities:			
Due Within One Year	21,194	21,023	14,133
Due in More Than One Year:			
Net Pension Liability	504,723	426,253	500,853
Other Amounts Due in More Than One Year	<u>27,480</u>	<u>23,277</u>	<u>21,443</u>
 <i>Total Liabilities</i>	 <u>599,455</u>	 <u>536,466</u>	 <u>576,264</u>
 <b>Deferred Inflows of Resources</b>			
Pension	<u>19,137</u>	<u>69,182</u>	<u>0</u>
 <b>Net Position</b>			
Net Investment in Capital Assets	214,721	231,911	250,321
Restricted:			
Other Purposes	86,944	102,083	101,738
Unrestricted	<u>202,517</u>	<u>259,443</u>	<u>285,458</u>
 <i>Total Net Position</i>	 <u>\$504,182</u>	 <u>\$593,437</u>	 <u>\$637,517</u>

During fiscal year 2015, the Station adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27”, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of these basic financial statements will gain a clearer understanding of the Station’s actual financial condition by adding deferred inflows related to pension.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the School District’s proportionate share for the Station of each plan’s collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

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GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB Statement No. 68, the Station’s statements prepared on the accrual basis of accounting include an annual pension expense for the School District’s proportionate share for the Station of each plan’s *change* in net pension liability not accounted for as deferred inflows/outflows. As a result of implementing GASB Statement No. 68, the Station is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Total assets decreased \$83,663.

Cash and cash equivalents decreased \$97,059. Cash and cash equivalents decreased in the general fund by \$77,275 and in the CPB grants special revenue fund by \$19,784.

The decrease in cash and cash equivalents in the general fund is attributed to expenses exceeding revenues by \$74,369, an increase in expenses and a decrease in revenues on the cash basis of accounting. Expenses increased from fiscal year 2015 to fiscal year 2016 on the cash basis of accounting because of an increase in employees, a 2.85 percent pay raise and an increase in health insurance costs. The Station employed 5 employees in fiscal year 2016 as opposed to 4 employees in fiscal year 2015. Revenues decreased from fiscal year 2015 to fiscal year 2016 on the cash basis of accounting because of a decrease in underwriting revenue. The decrease in underwriting revenue on the cash basis of accounting is mostly due to the loss of one client who spent \$5,000 for underwriting spots in fiscal year 2015 that did not purchase underwriting spots in fiscal year 2016.

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The decrease in cash and cash equivalents in the CPB grants special revenue fund is attributed to expenses exceeding revenues by \$19,784, a decrease in revenues and an increase in expenses on the cash basis of accounting. Revenues decreased because the Station received a portion of the 2014 fiscal year's annual CPB grant in fiscal year 2015. Receiving some the fiscal year 2014 CPB grant in fiscal year 2015 instead of fiscal year 2016 caused revenues to decrease significantly in the CPB grants special revenue fund in fiscal year 2016 on the cash basis of accounting. The Station then spent the surplus they received in fiscal year 2015 from the CPB in fiscal year 2016. This caused the expenses to increase in fiscal year 2016 from fiscal year 2015 in the CPB grants special revenue fund on the cash basis of accounting. The Station spent more on technical services and National Public Radio programming in the current fiscal year than it did in the previous fiscal year.

Also, capital assets decreased \$17,190. See below for further explanation for the decrease in capital assets.

The decreases in cash and cash equivalents and capital assets were offset by an increase in accounts receivable.

Accounts receivable increased \$30,586. Both the receivables for underwriting spots and membership contributions increased. The receivable for underwriting spots increased by \$24,332 and the receivable for membership contributions increased \$6,254.

Receivables for underwriting spots arise when the Station receives payments from organizations after fiscal year end for underwriting spots that occurred in the previous fiscal year. The Station received \$46,138 in payments after June 30, 2016 for the underwriting spots that occurred prior to June 30, 2016. On the other hand, the Station received \$21,806 in payments after June 30, 2015 for underwriting spots that occurred prior to June 30, 2015.

The increase in the receivable for membership contributions occurred because the Station received a significant number of pledges at the end of fiscal year 2016. The Station held a fiscal year-end direct mail campaign that brought in a large number of members. This campaign brought in more members in fiscal year 2016 than in fiscal year 2015 because of the expansion into Youngstown, Warren and western Pennsylvania. This expansion continues to bring in more and more members each fiscal year.

Deferred outflows of resources related to pension increased \$7,352. See the previous discussion on how the accounting standards related to net pension liability.

Total liabilities increased \$62,989.

Net pension liability increased \$78,470. See the previous discussion on how the accounting standards relate to net pension liability.

The increase in net pension liability is offset by decreases in unearned revenue and accounts payable.

Unearned revenue decreased \$10,469. 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, 2015, the Station had received \$45,039 in underwriting revenue where the underwriting spots occurred in future fiscal years. On the other hand, the Station received \$34,570 in underwriting revenue as of June 30, 2016 for underwriting spots that will air in future fiscal years.

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Plus, accounts payable decreased \$7,996. This decrease is mostly due to the payments to Herlick Data Systems dated in July and August of 2015 totaling \$10,450 for software and systems upgrade consulting services that occurred prior to June 30, 2015. As a result, a liability in accounts payable was reported for these payments as of June 30, 2015. No such types of payments of this size occurred after June 30, 2016 that had to be reported as accounts payable as of June 30, 2016.

Deferred inflows of resources related to pension decreased \$50,045. See the previous discussion on how the accounting standards apply to deferred inflows of resources related to pension.

The net impact of the assets decrease, the deferred outflows of resources increase, the liabilities increase and the deferred inflows of resources decrease was a decrease of net position of \$89,255.

Table 2 shows the changes in net position for fiscal years 2016, 2015 and 2014 for governmental activities as follows:

Table 2 Change in Net Position for Governmental Activities			
	2016	2015	2014
<b>Revenues</b>			
<i>Program Revenues:</i>			
Operating Grants, Contributions and Interest	\$95,564	\$93,331	\$92,553
<i>General Revenues:</i>			
Membership Contributions	227,585	197,995	202,246
Underwriting	334,986	341,082	342,326
In-Kind Contributions	54,791	57,599	57,333
Donated Facilities Use and Administrative Support	96,968	84,582	90,330
Miscellaneous	10,614	14,142	8,607
<i>Total General Revenues</i>	724,944	695,400	700,842
<b>Total Revenues</b>	820,508	788,731	793,395
<b>Program Expenses</b>			
<i>Program Services:</i>			
Programming and Production	407,296	395,751	366,522
Broadcasting	47,918	46,559	43,120
Public Information	23,957	23,281	21,560
<i>Support Services:</i>			
Management and General	315,796	257,055	263,842
Fundraising and Membership	114,796	110,165	113,075
<b>Total Program Expenses</b>	909,763	832,811	808,119
<b>(Decrease) in Net Position</b>	(\$89,255)	(\$44,080)	(\$14,724)

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While program revenues increased for governmental activities from \$93,331 to \$95,564, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$695,400 in fiscal year 2015 to \$724,944 in fiscal year 2016. General revenues comprised 88.4 percent of revenues supporting governmental activities. The primary source of the increase was membership contributions revenue of \$29,590.

The increase in membership contributions revenue can be partly attributed to the Station's major giving program, The Red Guitar Club. This program continues to grow membership revenue each fiscal year. During fiscal year 2016, the Station secured a \$15,000 pledge, which represents part of the increase. In addition, the expansion into Youngstown, Warren and western Pennsylvania during fiscal year 2011 continues to bring in more members each fiscal year. This also contributed to the increase in membership contributions revenue in fiscal year 2016.

The increase in program expenses is because of increases of expenses in both the general fund and the CPB grants special revenue fund. As previously discussed, the expenses in the general fund increased because of an increase in employees from 4 to 5, a 2.85 percent pay raise and an increase in health insurance costs. In addition, as previously discussed, the expenses in the CPB grants special revenue fund increased due to the Station expending a surplus of CPB grants monies in the current fiscal year that was received in the prior fiscal year.

While program expenses increases were consistent with expectations, the decrease in donated facilities use and administrative support revenue resulted in a reduction of net position of \$89,255.

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>2016</u>		<u>2015</u>		<u>2014</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>Program Expenses</b>						
Program Services:						
Programming and Production	\$407,296	\$326,066	\$395,751	\$316,420	\$366,522	\$287,852
Broadcasting	47,918	38,362	46,559	37,226	43,120	33,865
Public Information	23,957	19,179	23,281	18,614	21,560	16,932
Support Services:						
Management and General	315,796	315,796	257,055	257,055	263,842	263,842
Fundraising and Membership	<u>114,796</u>	<u>114,796</u>	<u>110,165</u>	<u>110,165</u>	<u>113,075</u>	<u>113,075</u>
<b>Total</b>	<u>\$909,763</u>	<u>\$814,199</u>	<u>\$832,811</u>	<u>\$739,480</u>	<u>\$808,119</u>	<u>\$715,566</u>

The dependence upon general revenues for governmental activities is apparent. 89.5 percent of governmental activities are supported through underwriting and other general revenues; such revenues are 88.4 percent of total governmental revenues. The underwriters and members are by far the primary support for the Station's listening audience.

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**The Station's Funds**

Information about the Station's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$800,917 and expenditures of \$867,126. The net change in fund balances for the fiscal year was a decrease of \$66,209 for all governmental funds. The general fund's net change in fund balance for fiscal year 2016 was a decrease of \$51,070 and the CPB grants fund's net change in fund balance for fiscal year 2016 was a decrease of \$15,139. This played a significant part in causing the unassigned fund balance in the general fund to decrease from \$724,911 in fiscal year 2015 to \$674,948 in fiscal year 2016 and the restricted fund balance in the CPB grants fund to decrease from \$102,083 in fiscal year 2015 to \$86,944 in fiscal year 2016.

The general fund's net change in fund balance can be attributed to expenditures exceeding revenues and expenditures increasing. Revenues in the general fund increased from \$692,319 in fiscal year 2015 to \$705,353 in fiscal year 2016 and expenditures increased from \$721,472 in fiscal year 2015 to \$756,423 in fiscal year 2016. However, it was the disparity between revenues of \$705,353 and expenditures of \$756,423 that caused the unassigned fund balance to decrease from \$724,911 in fiscal year 2015 to \$674,948 in fiscal year 2016. Also, expenditures in the general fund increased because of an increase in employees from 4 to 5, a 2.85 percent pay raise and an increase in health insurance costs, as previously discussed.

The CPB grants fund's net change in fund balance can be attributed to expenditures exceeding revenues and expenditures increasing. Revenues in the CPB grants fund increased from \$93,331 in fiscal year 2015 to \$95,564 in fiscal year 2016 and expenditures increased from \$92,986 in fiscal year 2015 to \$110,703 in fiscal year 2016. However, it was the disparity between revenues of \$95,564 and expenditures of \$110,703 that caused the unassigned fund balance to decrease from \$102,083 in fiscal year 2015 to \$86,944 in fiscal year 2016. Also, expenditures in the CPB grants funds increased due to the Station expending a surplus of CPB grants monies in the current fiscal year that was received in the prior fiscal year, as previously discussed.

**Capital Assets**

At the end of fiscal year 2016, the Station had \$214,721 invested in furniture and fixtures, and equipment. Table 4 shows fiscal years 2016, 2015 and 2014 balances as follows:

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

	Governmental Activities		
	2016	2015	2014
Furniture and Fixtures	\$15,166	\$16,158	\$17,150
Office Equipment	2,602	2,908	0
Broadcasting Equipment	196,953	212,845	233,171
<b>Totals</b>	<b>\$214,721</b>	<b>\$231,911</b>	<b>\$250,321</b>



**WAPS-FM AKRON CITY SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2016*  
*UNAUDITED*

This decrease was mainly due to depreciation expense of \$22,386. Depreciation expense was offset by \$5,196 in acquisitions. The Station purchased an auto dehydrator excess run/low pressure alarm in the amount of \$2,727 and a broadcast FM radio modulation monitor and monitoring receiver in the amount of \$2,469 during fiscal year 2016. For further information on capital assets, see Note 5 to the basic financial statements.

**For the Future**

The Station's music lineup, new program and community partnerships, the efforts and energy of its talented staff and advisory board, and the incredibly loyal station supporters have all contributed to another banner year.

The Station is groundbreaking, people-driven and powered mostly by the community. In fact, no Station salaries or benefits were paid by the School District. This is a rarity for many university or school-board owned radio stations.

And, in order to remain self-sustaining, the Station is determined to increase revenues, market share, and brand loyalty. Also, the goal for the future is to retain current Station members and market to potential new members.

The Station will continue to utilize the experience of the volunteer advisory board and The Friends of 91.3. Since 2006, regional community leaders have raised awareness of the Station to its listening audience while increasing member and underwriting contributions.

In addition, The Friends of 91.3, a state of Ohio recognized public charity, raise funds through securing grants from local, state and national foundations. In fiscal year 2016, the Friends of 91.3 raised almost an additional \$100,000 for Station operations.

**Contacting the Station's Management**

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

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**WAPS-FM Akron City School District**

*Statement of Net Position*

*Governmental Activities*

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$752,817	\$849,876
Accounts Receivable	110,408	79,822
Depreciable Capital Assets, Net	<u>214,721</u>	<u>231,911</u>
<i>Total Assets</i>	<u>1,077,946</u>	<u>1,161,609</u>
<b>Deferred Outflows of Resources</b>		
Pension	<u>44,828</u>	<u>37,476</u>
<b>Liabilities</b>		
Accounts Payable	11,034	19,030
Compensated Absences Payable	0	1,844
Intergovernmental Payable	454	0
Unearned Revenue	34,570	45,039
Long-Term Liabilities:		
Due Within One Year	21,194	21,023
Due In More Than One Year:		
Net Pension Liability	504,723	426,253
Other Amounts Due in More Than One Year	<u>27,480</u>	<u>23,277</u>
<i>Total Liabilities</i>	<u>599,455</u>	<u>536,466</u>
<b>Deferred Inflows of Resources</b>		
Pension	<u>19,137</u>	<u>69,182</u>
<b>Net Position</b>		
Net Investment in Capital Assets	214,721	231,911
Restricted for:		
Other Purposes	86,944	102,083
Unrestricted	<u>202,517</u>	<u>259,443</u>
<i>Total Net Position</i>	<u>\$504,182</u>	<u>\$593,437</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, 2016			For the Fiscal Year Ended June 30, 2015		
	Expenses	Program Revenues	Net Revenues (Expenses) and Changes in Net Position	Expenses	Program Revenues	Net Revenues (Expenses) and Changes in Net Position
		Operating Grants, Contributions and Interest	Governmental Activities		Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>						
Program Services:						
Programming and Production	\$407,296	\$81,230	(\$326,066)	\$395,751	\$79,331	(\$316,420)
Broadcasting	47,918	9,556	(38,362)	46,559	9,333	(37,226)
Public Information	23,957	4,778	(19,179)	23,281	4,667	(18,614)
Support Services:						
Management and General	315,796	0	(315,796)	257,055	0	(257,055)
Fundraising and Membership	114,796	0	(114,796)	110,165	0	(110,165)
<i>Total Governmental Activities</i>	<u>\$909,763</u>	<u>\$95,564</u>	<u>(\$814,199)</u>	<u>\$832,811</u>	<u>\$93,331</u>	<u>(\$739,480)</u>
<b>General Revenues</b>						
Membership Contributions			227,585			197,995
Underwriting			334,986			341,082
In-Kind Contributions			54,791			57,599
Donated Facilities Use and Administrative Support			96,968			84,582
Miscellaneous			10,614			14,142
<i>Total General Revenues</i>			<u>724,944</u>			<u>695,400</u>
Change in Net Position			(89,255)			(44,080)
<i>Net Position at Beginning of Fiscal Year</i>			<u>593,437</u>			<u>637,517</u>
<i>Net Position at End of Fiscal Year</i>			<u>\$504,182</u>			<u>\$593,437</u>

See accompanying notes to the basic financial statements

**WAPS-FM Akron City School District**

*Balance Sheet*

*Governmental Funds*

	June 30, 2016			June 30, 2015		
	General	CPB Grants	Total Governmental Funds	General	CPB Grants	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$661,406	\$91,411	\$752,817	\$738,681	\$111,195	\$849,876
Accounts Receivable	110,408	0	110,408	79,822	0	79,822
<i>Total Assets</i>	<u>\$771,814</u>	<u>\$91,411</u>	<u>\$863,225</u>	<u>\$818,503</u>	<u>\$111,195</u>	<u>\$929,698</u>
<b>Liabilities</b>						
Accounts Payable	\$6,567	\$4,467	\$11,034	\$9,918	\$9,112	\$19,030
Compensated Absences Payable	0	0	0	1,844	0	1,844
Intergovernmental Payable	454	0	454	0	0	0
Unearned Revenue	34,570	0	34,570	45,039	0	45,039
<i>Total Liabilities</i>	<u>41,591</u>	<u>4,467</u>	<u>46,058</u>	<u>56,801</u>	<u>9,112</u>	<u>65,913</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue-Membership Contributions	47,311	0	47,311	34,316	0	34,316
Unavailable Revenue-Underwriting	7,725	0	7,725	1,129	0	1,129
<i>Total Deferred Inflows of Resources</i>	<u>55,036</u>	<u>0</u>	<u>55,036</u>	<u>35,445</u>	<u>0</u>	<u>35,445</u>
<b>Fund Balances</b>						
Restricted	0	86,944	86,944	0	102,083	102,083
Assigned	239	0	239	1,346	0	1,346
Unassigned	674,948	0	674,948	724,911	0	724,911
<i>Total Fund Balances</i>	<u>675,187</u>	<u>86,944</u>	<u>762,131</u>	<u>726,257</u>	<u>102,083</u>	<u>828,340</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$771,814</u>	<u>\$91,411</u>	<u>\$863,225</u>	<u>\$818,503</u>	<u>\$111,195</u>	<u>\$929,698</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*

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Total Governmental Fund Balances</b>	\$762,131	\$828,340
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	214,721	231,911
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	47,311	34,316
Underwriting	<u>7,725</u>	<u>1,129</u>
Total	55,036	35,445
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences	(48,674)	(44,300)
The net pension liability is not due and payable in current period; therefore, the liability and related inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	44,828	37,476
Deferred Inflows - Pension	(19,137)	(69,182)
Net Pension Liability	<u>(504,723)</u>	<u>(426,253)</u>
Total	<u>(479,032)</u>	<u>(457,959)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$504,182</u></u>	 <u><u>\$593,437</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, 2016			For the Fiscal Year Ended June 30, 2015		
	General	CPB Grants	Total Governmental Funds	General	CPB Grants	Total Governmental Funds
<b>Revenues</b>						
CPB Grants	\$0	\$95,564	\$95,564	\$0	\$93,331	\$93,331
Membership Contributions	214,590	0	214,590	193,307	0	193,307
Underwriting	328,390	0	328,390	342,689	0	342,689
In-Kind Contributions	54,791	0	54,791	57,599	0	57,599
Donated Facilities Use and Administrative Support	96,968	0	96,968	84,582	0	84,582
Miscellaneous	10,614	0	10,614	14,142	0	14,142
<i>Total Revenues</i>	<u>705,353</u>	<u>95,564</u>	<u>800,917</u>	<u>692,319</u>	<u>93,331</u>	<u>785,650</u>
<b>Expenditures</b>						
Current:						
Program Services:						
Programming and Production	285,767	94,098	379,865	301,255	79,038	380,293
Broadcasting	33,620	11,071	44,691	35,442	9,298	44,740
Public Information	16,810	5,534	22,344	17,721	4,650	22,371
Support Services:						
Management and General	308,540	0	308,540	256,938	0	256,938
Fundraising and Membership	111,686	0	111,686	110,116	0	110,116
<i>Total Expenditures</i>	<u>756,423</u>	<u>110,703</u>	<u>867,126</u>	<u>721,472</u>	<u>92,986</u>	<u>814,458</u>
<i>Net Change in Fund Balances</i>	(51,070)	(15,139)	(66,209)	(29,153)	345	(28,808)
<i>Fund Balances at Beginning of Fiscal Year</i>	<u>726,257</u>	<u>102,083</u>	<u>828,340</u>	<u>755,410</u>	<u>101,738</u>	<u>857,148</u>
<i>Fund Balances at End of Fiscal Year</i>	<u><u>\$675,187</u></u>	<u><u>\$86,944</u></u>	<u><u>\$762,131</u></u>	<u><u>\$726,257</u></u>	<u><u>\$102,083</u></u>	<u><u>\$828,340</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*

	<u>For the Fiscal Year Ended June 30, 2016</u>	<u>For the Fiscal Year Ended June 30, 2015</u>
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>(\$66,209)</b>	<b>(\$28,808)</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital Assets Additions	5,196	4,288
Current Fiscal Year Depreciation	<u>(22,386)</u>	<u>(22,044)</u>
Total	(17,190)	(17,756)
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.	0	(654)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds:		
Membership Contributions	12,995	4,688
Underwriting	<u>6,596</u>	<u>(1,607)</u>
Total	19,591	3,081
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	(4,374)	(8,724)
Contractually-required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	36,828	33,848
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	<u>(57,901)</u>	<u>(25,067)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$89,255)</u></u>	<u><u>(\$44,080)</u></u>



**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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**Note 1 – Description of the Station and Reporting Entity**

WAPS-FM (the "Station") is a non-profit, public telecommunications radio station operated by the Akron City School District (the "School District"). The Station does not have a separate governing board and the School District provides funds for the Station to the extent necessary. Portions of one of the School District's special revenue funds comprise the operations of the Station.

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

*Reporting Entity*

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

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

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

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

**A. Basis of Presentation**

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

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

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

***B. Fund Accounting***

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

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

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

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

***C. Measurement Focus***

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

***D. Basis of Accounting***

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

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

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

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

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

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

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

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

***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 2016, the School District's investments were limited to overnight repurchase agreements, commercial paper, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, a First American Treasury Money Market Fund, a Federated United States Treasury Money Market Fund and certificates of deposits. 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.

**WAPS-FM Akron City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

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

***G. In-Kind Contributions***

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

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

In addition, the Radio Station has entered into barter agreements during the current fiscal year where the Radio Station has provided underwriting spots to local businesses for services. Barter transactions are reported at the estimated fair value of the services received. Revenue is reported when the underwriting spots are broadcast, and the services received are reported when received as expenditures/expenses. Barter transactions amounted to \$9,791 during fiscal year 2016.

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 2016 was \$54,791.

***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 \$96,968 for fiscal year 2016, 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.

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

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

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

***J. Compensated Absences***

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

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

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

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

***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.

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**L. Net Position**

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

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

**M. Fund Balances**

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

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

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

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

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

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

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

**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.

**WAPS-FM Akron City School District**  
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**Note 3 - Deposits and Investments**

The Station's cash and cash equivalents of \$752,817 consist of monies held in the School District's cash management pool. Thus, a determination of the breakdown of the Station's cash and cash equivalents between deposits and investments is not practically determinable.

The following information represents disclosure for the School District. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the School District's bank balance of \$9,604,185 was not exposed to custodial credit risk.

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

As of June 30, 2016, the School District had the following investments:

	Carrying Value	Maturities In Years		% to Total
		Less than 1	1-5	
Overnight Repurchase Agreements	\$53,905,000	\$53,905,000	\$0	40.60%
Federal Home Loan Bank Notes	14,354,160	6,858,471	7,495,689	10.81
Federal Home Loan Mortgage Corporation Notes	7,796,599	750,150	7,046,449	5.87
Federal Farm Credit Bank Notes	6,632,923	0	6,632,923	5.00
Federal National Mortgage Association Notes	8,595,432	901,818	7,693,614	6.47
Commercial Paper	41,403,313	41,403,313	0	31.18
First American Treasury Money Market Fund	89,859	89,859	0	0.07
<b>Total Investments</b>	<b>\$132,777,286</b>	<b>\$103,908,611</b>	<b>\$28,868,675</b>	<b>100.00%</b>

The overnight repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and Federal Farm Credit Bank Notes carry a rating of AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The First American Treasury Money Market Fund carries a rating of AAAm by Standard and Poor's and Aaa-mf by Moody's Investors Service. The commercial paper with JP Morgan and BNP Paribas carry a rating of A-1 by Standard and Poor's and P-1 by Moody's Investors Service. The commercial paper with Toyota Motor Credit, Coca Cola Company, Chevron Co and TD USA carry a rating of A-1+ by Standard and Poor's and P-1 by Moody's Investors Service. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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.



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**Note 4 – Receivables**

Receivables at June 30, 2016, 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, 2016, was as follows:

	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
<b>Governmental Activities</b>				
<i>Capital Assets, being depreciated:</i>				
Furniture and Fixtures	\$26,208	\$0	\$0	\$26,208
Office Equipment	4,533	0	0	4,533
Broadcasting Equipment	451,039	5,196	(1,800)	454,435
Vehicles	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
<i>Total Capital Assets, being depreciated</i>	<u>486,780</u>	<u>5,196</u>	<u>(1,800)</u>	<u>490,176</u>
Less Accumulated Depreciation:				
Furniture and Fixtures	(10,050)	(992)	0	(11,042)
Office Equipment	(1,625)	(306)	0	(1,931)
Broadcasting Equipment	(238,194)	(21,088)	1,800	(257,482)
Vehicles	<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>(5,000)</u>
Total Accumulated Depreciation	<u>(254,869)</u>	<u>(22,386) *</u>	<u>1,800</u>	<u>(275,455)</u>
Governmental Activities Capital Assets, Net	<u>\$231,911</u>	<u>(\$17,190)</u>	<u>\$0</u>	<u>\$214,721</u>

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

Program Services:	
Programming and Production	\$18,868
Broadcasting	2,220
Public Information	1,110
Support Services:	
Management and General	132
Fundraising and Membership	<u>56</u>
Total Depreciation Expense	<u>\$22,386</u>

**WAPS-FM Akron City School District**  
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**Note 6 - Risk Management**

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Station has insurance through the School District. The School District contracted for property, inland marine, crime, general liability, excess liability, educators legal liability, employment practices liability and automobile coverage during fiscal year 2016. Coverage provided is as follows:

Type of Coverage	Coverage Amount
Commercial Property (\$50,000 deductible)	
Building and Contents	\$744,032,624
Earthquake	5,000,000
Flood	5,000,000
Commercial Inland Marine (\$5,000 deductible)	2,750,000
Commercial Crime (\$5,000 deductible)	300,000
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	2,000,000
Each Occurrence Limit	2,000,000
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

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.

**WAPS-FM Akron City School District**  
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**Note 7 – Defined Benefit Pension Plan**

***A. Net Pension Liability***

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

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

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

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

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

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

***Plan Description*** Station employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly-available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report may be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (“COLA”). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**Funding Policy** Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare Part B Fund and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits and Medicare Part B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School District's contractually-required contribution for the Station to SERS was \$36,828. 100 percent has been contributed for fiscal year 2016.

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

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Station’s proportion of the net pension liability was based on the School District’s share of contributions for the Station to the pension plan relative to the contributions of all participating entities. Following is the information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$504,723
Proportion of the Net Pension Liability	0.008845%
Pension Expense	\$57,901

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At June 30, 2016, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$8,000
School District contributions for the Station subsequent to the measurement date	<u>36,828</u>
<b>Total Deferred Outflows of Resources</b>	<b><u><u>\$44,828</u></u></b>

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$14,117
Changes in the employer's proportion and difference between the employer's contributions and the employer's proportional share of contributions	<u>5,020</u>
<b>Total Deferred Inflows of Resources</b>	<b><u><u>\$19,137</u></u></b>

\$36,828 reported as deferred outflows of resources related to pension resulting from School District contributions for the Station subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	
2017	(\$6,864)
2017	(6,864)
2018	(6,862)
2020	<u>9,453</u>
<b>Total</b>	<b><u><u>(\$11,136)</u></u></b>

***E. Actuarial Assumptions – SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.00%
US Stocks	22.50%	5.00%
Non-US Stocks	22.50%	5.50%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	10.00%
Real Assets	10.00%	5.00%
Multi-Asset Strategies	15.00%	7.50%
Total	<u>100.00%</u>	

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**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.75 percent). Based on these assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
School District's proportionate share for the Station of the net pension liability	\$699,869	\$504,723	\$340,393

**Note 8 - Post-Employment Benefits**

***School Employees Retirement System***

**Health Care Plan Description** - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. 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.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were \$454, \$1,983 and \$329, respectively. 100% has been contributed for fiscal years 2016, 2015 and 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:

	Principal Outstanding 6/30/2015	Additions	Reductions	Principal Outstanding 6/30/2016	Amount Due in One Year
Governmental Activities:					
Net Pension Liability - SERS	\$426,253	\$78,470	\$0	\$504,723	\$0
Compensated Absences	44,300	25,397	(21,023)	48,674	21,194
Total Long-Term Obligations	<u>\$470,553</u>	<u>\$103,867</u>	<u>(\$21,023)</u>	<u>\$553,397</u>	<u>\$21,194</u>

The Station pays obligations related to employee compensation from the general fund.



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**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:

Fund Balances	General Fund	CPB Grants	Total
<u>Restricted for:</u>			
National Public Radio programming	\$0	\$31,322	\$31,322
Production services and on-air talent	0	15,272	15,272
Tower rent	0	18,809	18,809
Office supplies	0	5,737	5,737
Equipment	0	4,804	4,804
Electricity	0	3,000	3,000
Audit costs	0	8,000	8,000
<i>Total Restricted</i>	0	86,944	86,944
<u>Assigned to:</u>			
Unemployment compensation	239	0	239
Unassigned	674,948	0	674,948
Total Fund Balances	\$675,187	\$86,944	\$762,131

The School District’s Treasurer authorized the assignment of fund balances to 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, 2016.

**B. Litigation**

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

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

	2015	2014	2013
School District's Proportion of the Net Pension Liability for the Station	0.008845%	0.008422%	0.008422%
School District's Proportionate Share of the Net Pension Liability for the Station	\$504,723	\$426,253	\$500,853
School District's Covered-Employee Payroll for the Station	\$256,813	\$235,310	\$231,019
School District's Proportionate Share of the Net Pension Liability for the Station as a Percentage of its Covered-Employee Payroll	196.53%	181.15%	216.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to fiscal year 2013 is not available

**WAPS-FM Akron City School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions for the Station*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$36,828	\$33,848	\$32,614	\$31,973
Contributions in Relation to the Contractually Required Contribution	<u>(36,828)</u>	<u>(33,848)</u>	<u>(32,614)</u>	<u>(31,973)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$263,057	\$256,813	\$235,310	\$231,019
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
\$30,626	\$24,154	\$25,258	\$16,698	\$16,774	\$16,737
(30,626)	(24,154)	(25,258)	(16,698)	(16,774)	(16,737)
\$0	\$0	\$0	\$0	\$0	\$0
\$227,703	\$192,156	\$186,544	\$169,695	\$170,815	\$156,713
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

WAPS-FM  
Akron City School District  
Summit County  
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, (the Station) as of and for the year ended June 30, 2016, 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 9, 2016, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Station's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Station's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Station's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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*.

However, we noted certain other matters involving internal controls that we have communicated to management in a separate letter dated December 9, 2016.

***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.



***Charles E. Harris & Associates, Inc.***  
December 9, 2016





# 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 24, 2017