

WLRN TELEVISION AND RADIO STATIONS

FINANCIAL STATEMENTS

JUNE 30, 2011

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2011**

TABLE OF CONTENTS

SECTION I: WLRN - TV

	PAGE(S)
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-7
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Assets.....	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	9
Notes to the Financial Statements.....	9-17
Required Supplementary Information (Unaudited)	
Budgetary Comparison Schedule	18
Note to Required Supplementary Information	19
Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	20-21

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2011**

TABLE OF CONTENTS

SECTION II: WLRN - RADIO

	PAGE(S)
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-7
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Assets.....	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	9
Notes to the Financial Statements.....	10-19
Required Supplementary Information (Unaudited)	
Budgetary Comparison Schedule	20
Note to Required Supplementary Information	21
Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	22-23

SECTION I: WLRN - TV



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Independent Auditors' Report

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - TV (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent 4% and 25%, respectively, of the assets and revenues of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.

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

As discussed in Note 1, the financial statements of WLRN - TV are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of the School Board of Miami-Dade County, Florida as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the WLRN - TV as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated November 19, 2011 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 18 through 19, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sharpton Brunson & Company, P.A.

November 19, 2011

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of WLRN - TV (the "Station"), we offer readers of the Stations' financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2011. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public television programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 344,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$9.827 million. Of this amount, approximately \$8.931 million was invested in capital assets, approximately \$696,000 were restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses.

At the close of the current fiscal year, the Station's governmental fund reported an ending fund balance of approximately \$897,000, a decrease of approximately \$255,000 in comparison with the prior year. Approximately \$696,000 of this amount is reserved for the Corporation for Public Broadcasting.

Overview to the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Station's basic financial statements. The Station's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 13 and 14 of this report.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station's finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 to 17 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 18 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenues and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenues and expenses of Friends of WLRN, Inc. which are included in the Station's fiscal year 2011 financial statements are approximately \$2.371 million and \$2.318 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station's activities that will help answer questions about the position of the Station. A summary is provided below.

Summary of Net Assets

	<u>6/30/11</u>	<u>6/30/10</u>
Current assets	\$ 1,498,321	\$ 1,474,799
Non-current assets	343,639	426,421
Capital assets, net	<u>8,930,676</u>	<u>7,946,515</u>
Total assets	10,772,636	9,847,735
Total liabilities	<u>945,341</u>	<u>748,944</u>
Total Net Assets	<u>\$ 9,827,295</u>	<u>\$ 9,098,791</u>

- Total assets increased in the current year mainly as a result of cost due to construction of the tower.
- The largest portion of the Station's net assets of approximately 8.931 million reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-wide/Individual Fund Analysis (cont'd)

Summary of Changes in Net Assets

	6/30/11	6/30/10
Revenues		
In-kind contributions from Florida Department of Education	\$ 165,766	\$ 192,364
Grants from CPB	1,497,775	1,442,348
Other grants and subsidies	5,337,522	5,079,089
Federal Stimulus Grant-ARRA	71,637	71,637
Revenues of Friends	2,371,209	2,154,199
Total Revenues	9,443,909	8,939,637
Expenses		
Current	8,715,405	9,239,543
Change in net assets	728,504	(299,906)
Net assets, beginning of year	9,098,791	9,398,697
Net assets, end of year	\$ 9,827,295	\$ 9,098,791

- The increase in net assets of approximately \$729,000 compared to the prior year is primarily due to an increase in capital assets.

Capital Assets

As of June 30, 2011, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$8.931 million increasing from approximately \$7.947 million as of June 30, 2010.

Summary of Capital Assets
(Net of Depreciation)

	6/30/11	6/30/10
Land	\$ 46,577	\$ 46,577
Building and improvements	7,687,039	6,885,556
Furniture, fixture and equipment	1,000,569	914,887
Motor vehicles	196,491	99,495
Total Capital Assets	\$ 8,930,676	\$ 7,946,515

Additional capital asset information can be found in Note 6 on page 15 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
ASSETS			
Investments in marketable securities	\$ 187,033	\$ -	\$ 187,033
Membership contributions received, net of allow	94,988	-	94,988
Accounts receivable, net of allowance	7,799	-	7,799
Other assets	83,241	-	83,241
Due from the School Board of Miami-Dade County, Florida	1,125,260	343,639	1,468,899
Capital assets, net of accumulated depreciation	<u>-</u>	<u>8,930,676</u>	<u>8,930,676</u>
Total Assets	<u>\$ 1,498,321</u>	<u>\$ 9,274,315</u>	<u>\$ 10,772,636</u>
LIABILITIES			
Current:			
Accounts payable and accrued expenses	\$ 547,418	-	\$ 547,418
Compensated absences	<u>54,284</u>	<u>-</u>	<u>54,284</u>
Total current liabilities	<u>601,702</u>	<u>-</u>	<u>601,702</u>
Non-current:			
Compensated absences	<u>-</u>	<u>\$ 343,639</u>	<u>343,639</u>
Total liabilities	<u>601,702</u>	<u>343,639</u>	<u>945,341</u>
Fund balance/net assets:			
Fund balance:			
Reserved	908,837	(908,837)	-
Unreserved	<u>(12,218)</u>	<u>12,218</u>	<u>-</u>
Total fund balance	<u>896,619</u>	<u>(896,619)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,498,321</u>	<u>\$ (552,980)</u>	<u>\$ 945,341</u>
NET ASSETS			
Invested in capital assets	\$ -	\$ 8,930,676	\$ 8,930,676
Restricted	-	908,837	908,837
Unrestricted	<u>-</u>	<u>(12,218)</u>	<u>(12,218)</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 9,827,295</u>	<u>\$ 9,827,295</u>

The accompanying notes are an integral part of these financial statements.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement Of Activities</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ 165,766	\$ -	\$ 165,766
Grants from the Florida Department of Education	363,200	-	363,200
Grants from CPB	1,497,775	-	1,497,775
Federal Stimulus Grant-ARRA	71,637	-	71,637
Grants from the School Board of Miami-Dade County, Florida and Subsidies	4,630,683	343,639	4,974,322
Support and revenues of Friends of WLRN, Inc.	<u>2,371,209</u>	<u>-</u>	<u>2,371,209</u>
Total revenues	<u>9,100,270</u>	<u>343,639</u>	<u>9,443,909</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	2,932,857	-	2,932,857
Materials, supplies and services	4,878,654	343,639	5,222,293
Depreciation	-	559,576	559,576
Loss on disposal of capital assets	-	679	679
Capital outlay	<u>1,544,416</u>	<u>(1,544,416)</u>	<u>-</u>
Total expenditures/expenses	<u>9,355,927</u>	<u>(640,522)</u>	<u>8,715,405</u>
Change in fund balance/net assets	(255,657)	984,161	728,504
Fund balance/net assets at beginning of year	<u>1,152,276</u>	<u>7,946,515</u>	<u>9,098,791</u>
Fund balance/net assets at end of year	<u>\$ 896,619</u>	<u>\$ 8,930,676</u>	<u>\$ 9,827,295</u>

The accompanying notes are an integral part of these financial statements.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN - TV (the "Station") significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting entity

The Station, which operates non-commercial public television in Miami-Dade County, Florida, is an administrative department included in the governmental funds of the School Board of Miami-Dade County, Florida (the "School Board"). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and are intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station's General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA's non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station's financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station including general operations.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

New accounting pronouncements

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this statement is to improve the usefulness, including the understandability of governmental fund balance information. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011. The adoption of GASB 54 will result in changes to the composition of Fund Balance in the Financial Statements.

GASB 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles (the GAAP Hierarchy). This Statement applies to the financial statements of all state and local governments that are presented in conformity with GAAP. The requirements of this Statement are effective upon its issuance.

GASB 56, Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. This Statement amends paragraph 26 of the National Council on Governmental Accounting (NCGA) Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments. The requirements of this Statement are effective upon its issuance.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

Accounts receivable

Accounts receivable includes underwriting on-air recognition invoiced but not received.

The Friends of WLRN, Inc. extends credit based on periodic evaluations of the customer's financial condition. Exposure to losses on receivables varies by customer. The Friends of WLRN, Inc. monitors exposure to credit losses and records allowances for anticipated losses as needed.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

Capital assets

Capital assets include land, building improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20
Motor vehicles	7-18

Other current assets

Other current assets consist primarily of prepaid expenses and security deposits in the ordinary course of business.

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

Reserved fund balance/restricted net assets

In the fund financial statements/statement of net assets, reservations of fund balance/restrictions of net assets are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balance/net assets are reserved/restricted for grants or specific projects, as restricted by the grantor/donor.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

Reclassifications

Certain accounts in 2011 financial statements have been reclassified for comparative purposes to conform to the presentation in 2011 financial statements which is intended to provide more useful information to the readers of the financial statements.

Note 2 - Explanation of Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balance of the governmental fund of approximately (\$897,000) reported in the governmental fund balance sheet differs from total net assets of governmental activities of approximately \$9.827 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance	\$ 896,619
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in the governmental fund. However, the statement of net assets includes those capital assets among the assets of the Station as a whole.	8,930,676
(b) Due from the School Board of Miami-Dade County, Florida is a non-current asset that is not available to pay for current expenditures, and, therefore, is deferred.	343,639
(c) Compensated absences are long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental fund.	<u>(343,639)</u>
(d) Net assets of governmental activities	<u>\$ 9,827,295</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately (\$256,000) reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net assets of approximately \$729,000 reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement. Explanations of the differences are as follows:

Net change in fund balance	\$ (255,657)
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Depreciation expense (\$559,576) net of capital outlay \$1,544,416, and loss on disposal of fixed assets (\$679).	984,161
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	343,639
(c) Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(343,639)</u>
Change in net assets of governmental activities	<u>\$ 728,504</u>

Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledges. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 5 - Due From the School Board of Miami-Dade County, Florida

Due from the School Board of Miami-Dade County represents cash and cash equivalent held on behalf of the Station as of June 30, 2011 for restricted grants, compensated absences, accounts payable and accrued payroll expenses. At June 30, 2011, amount due was approximately \$1.515 million.

Note 6 - Capital Assets

Capital asset balances and activity during fiscal year 2011 were as follow:

	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2011</u>
Capital assets, not being depreciated:				
Land	\$ 46,577	\$ -	\$ -	\$ 46,577
Total capital assets, not being depreciated	<u>46,577</u>	<u>-</u>	<u>-</u>	<u>46,577</u>
Capital assets, being depreciated:				
Building and improvements	9,018,352	1,017,274	-	10,035,626
Furniture, fixtures & equipment	5,696,916	412,014	(68,755)	6,040,175
Motor vehicles	411,451	115,128	-	526,579
Total capital assets, being depreciated	<u>15,126,719</u>	<u>1,544,416</u>	<u>(68,755)</u>	<u>16,602,380</u>
Less accumulated depreciation for:				
Building and improvements	2,132,796	215,791	-	2,348,587
Furniture, fixtures & equipment	4,782,029	325,653	(68,076)	5,039,606
Motor vehicles	311,956	18,132	-	330,088
Total accumulated depreciation	<u>7,226,781</u>	<u>559,576</u>	<u>(68,076)</u>	<u>7,718,281</u>
Total capital assets, being depreciated, net	<u>7,899,938</u>	<u>984,840</u>	<u>(679)</u>	<u>8,884,099</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 7,946,515</u>	<u>\$ 984,840</u>	<u>\$ (679)</u>	<u>\$ 8,930,676</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 7 - Compensated Absences

The Station's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80 % of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of twenty-one days. These policies also provided for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The statement of net assets reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2011, the current and long-term portions were \$54,284 and \$343,639, respectively.

Note 8 - Reconciliation of CPB Grant Award to Revenues and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 977,750
Add: CPB grant award for fiscal year	1,497,775
Deduct: CPB revenue expended	<u>(1,779,161)</u>
CPB restricted net assets at end of year	<u>\$ 696,364</u>

Restricted Net Assets

CPB	\$ 696,364
Department of Education	-
Restrictions from Friends of WLRN	<u>200,255</u>
Total	<u>\$ 896,619</u>

Note 9 - Reconciliation of Total Revenues to CPB Annual Financial Report

Non-Federal Financial Support

Direct revenues	\$ 5,933,781
Indirect revenues	302,171
Capital contributions	1,544,416
In-kind contributions	<u>165,766</u>
Total Non-Federal Financial Support	7,946,134
Excludable support	(251,050)
CPB grant revenues	<u>1,497,775</u>
Total Revenues	<u>\$ 9,192,859</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 - Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement of its Education Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporations (FCC) rules, licensees are allowed to lease out their "Excess capacity" to commercial entities. Friends of WLRN, Inc. remain the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

During 2009, Clearwire paid Friends of WLRN, Inc. \$3,000,000 at the inception of the agreement.

Provided that the Agreement is in full force and effect, Clearwire will pay to Friends of WLRN, Inc. a bonus payment in an amount equal to \$1,500,000 on or before the last day of the third year of the initial term of the agreement.

Lease payments will be made in monthly payment as follows:

<u>Years</u>	<u>Monthly</u>	<u>Annually</u>
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6-10	75,000	900,000
11-15	110,000	1,320,000
16-20	145,000	1,740,000
21-25	189,000	2,268,000
26-30	235,000	2,820,000

During the year ending June 30, 2011, Friends of WLRN, Inc. received \$660,000 under this agreement. Revenues under this lease agreement have been recognized on the statement of activities on a straight-line basis over 360 months. Total revenues recognized for the fiscal year ended June 30, 2011 was approximately \$2,385,000.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
In-kind Contributions from the Florida Department of Education	\$ 167,000	\$ 165,766	\$ (1,234)
Grants from the Florida Department of Education	363,200	363,200	-
Federal Stimulus Grant--ARRA	71,637	71,637	-
Grants from CPB	1,469,452	1,497,775	28,323
Grants from the School Board of Miami-Dade County, Florida and Subsidies	4,655,000	4,630,683	(24,317)
Support and revenues of Friends of WLRN, Inc.	<u>2,365,000</u>	<u>2,371,209</u>	<u>6,209</u>
Total Revenues	<u>9,091,289</u>	<u>9,100,270</u>	<u>8,981</u>
EXPENDITURES			
Current:			
Salaries and benefits	2,980,500	2,932,857	47,643
Materials, supplies and services	4,303,322	4,878,654	(575,332)
Capital outlay	<u>2,400,000</u>	<u>1,544,416</u>	<u>855,584</u>
Total Expenditures	<u>9,683,822</u>	<u>9,355,927</u>	<u>327,895</u>
Change in fund balance	-	(255,657)	(318,914)
Fund balance at beginning of year	<u>-</u>	<u>1,152,276</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 896,619</u>	<u>\$ -</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - TV (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Sharpton Brunson & Company P.A.

November 19, 2011

SECTION II: WLRN - RADIO



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Independent Auditor's Report

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - Radio (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent 75% and 73%, respectively, of the assets and revenues of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.

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

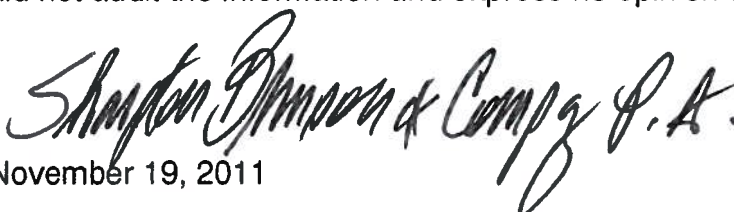
As discussed in Note 1, the financial statements of WLRN - Radio are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of the School Board of Miami-Dade County, Florida as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, certain errors resulting in the understatement of previously reported receivables and net assets for the fiscal year ended June 30, 2010 were discovered by management of the Corporation during the current year. Accordingly, the 2011 financial statements have been restated to correct the error.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of WLRN - Radio as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated November 19, 2011 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 19 through 20, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


November 19, 2011

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of WLRN - Radio (the "Station"), we offer readers of the Stations' financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2011. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public radio programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 344,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$10.822 million. Of this amount, approximately \$2.093 million was invested in capital assets, approximately \$326,000 were restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses. The remaining \$8.403 million was unrestricted and available for spending at the Station's discretion.

At the close of the current fiscal year, the Station's governmental fund reported an ending fund balance of approximately \$8.729 million, an increase of approximately \$3.004 million in comparison with the prior year. Approximately \$326,000 of this amount is reserved for the Corporation for Public Broadcasting.

Overview to the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Station's basic financial statements. The Station's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 14 and 15 of this report.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station's finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 18 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 19 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenues and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenues and expenses of Friends of WLRN, Inc. included in the Station's fiscal year 2011 financial statements are approximately \$7.330 million and \$4.645 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station's activities that will help answer questions about the position of the Station. A summary is provided below.

Summary of Net Assets

	<u>6/30/11</u>	<u>6/30/10</u>
Current assets	\$ 9,722,577	\$ 6,892,208
Non-current assets	21,013	203,689
Capital assets, net	<u>2,092,815</u>	<u>1,184,146</u>
Total assets	11,836,405	8,280,043
Total liabilities	<u>(1,014,780)</u>	<u>(1,371,406)</u>
Total Net Assets	<u>\$ 10,821,625</u>	<u>\$ 6,908,637</u>

Total assets increased in the current year mainly as a result of the amount of support received from the Friends of WLRN and the Miami Dade County School Board.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Government-wide/Individual Fund Analysis (cont'd)

- A portion of the Station's net assets of approximately \$2.093 million reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.
- Of the remaining \$8.729 million of the Station's net assets, approximately \$5.622 million represents resources that are unrestricted and available for any lawful use by the Station. The remaining net assets represent approximately \$326,000 of restricted funds for Corporation for Public Broadcasting (the "CPB") grant funded expenditures.

Summary of Changes in Net Assets

	<u>6/30/11</u>	<u>6/30/10</u>
Revenues		
In-kind contributions from		
Florida Department of Education	\$ 21,563	\$ 17,133
Grants from CPB	699,114	459,520
Other grants and subsidies	1,932,735	867,873
Federal Stimulus Grant—ARRA	14,380	14,380
Revenue of Friends of WLRN	<u>7,330,363</u>	<u>6,424,700</u>
Total Revenues	<u>9,998,155</u>	<u>7,783,606</u>
Expenses		
Current	<u>6,470,664</u>	<u>5,925,516</u>
Change in net assets	3,527,491	1,858,090
Prior Period Adjustment	385,497	-
Net assets, beginning of year	<u>6,908,637</u>	<u>5,050,547</u>
Net assets, end of year	<u>\$ 10,821,625</u>	<u>\$ 6,908,637</u>

- The increase in net assets of approximately \$ 3.528 million compared to the prior year is primarily due to revenues received from the Friends of WLRN, Inc.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Capital Assets

As of June 30, 2011, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$2.093 million increasing from approximately \$1.184 million as of June 30, 2010.

Summary of Capital Assets
(Net of Depreciation)

	<u>6/30/11</u>	<u>6/30/10</u>
Land	\$ 22,941	\$ 22,941
Building and improvements	1,529,590	556,735
Furniture, fixtures and equipment	<u>540,284</u>	<u>604,470</u>
Total Capital Assets	<u>\$ 2,092,815</u>	<u>\$ 1,184,146</u>

Additional capital asset information can be found in Note 7 on page 16 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash and cash equivalents	\$ 966,708	\$ -	\$ 966,708
Investments in marketable securities	6,603,299	-	6,603,299
Membership contribution received, net of allow	379,952	-	379,952
Accounts receivable, net of allowance	606,327	-	606,327
Other receivables	236,376	-	236,376
Other assets	122,853	-	122,853
Due from the School Board of Miami-Dade County, Florida	647,425	180,650	828,075
Capital assets, net of accumulated depreciation	<u>-</u>	<u>2,092,815</u>	<u>2,092,815</u>
Total Assets	<u>\$ 9,562,940</u>	<u>\$ 2,273,465</u>	<u>\$ 11,836,405</u>
LIABILITIES			
Current:			
Accounts payable and accrued expenses	\$ 745,033	\$ -	\$ 745,033
Compensated absences	21,013	-	21,013
Deferred revenue	<u>68,084</u>	<u>-</u>	<u>68,084</u>
Total current liabilities	<u>834,130</u>	<u>-</u>	<u>834,130</u>
Non-current:			
Compensated absences	<u>-</u>	<u>180,650</u>	<u>180,650</u>
Total liabilities	<u>834,130</u>	<u>180,650</u>	<u>1,014,780</u>
Fund balances/net assets:			
Unreserved	8,403,074	(8,403,074)	-
Restricted	<u>325,736</u>	<u>(325,736)</u>	<u>-</u>
Total fund balances	<u>8,728,810</u>	<u>(8,728,810)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 9,562,940</u>	<u>\$ (8,548,160)</u>	<u>\$ 1,014,780</u>
NET ASSETS			
Invested in capital assets	\$ -	\$ 2,092,815	\$ 2,092,815
Restricted & unrestricted	<u>-</u>	<u>8,728,810</u>	<u>8,728,810</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 10,821,625</u>	<u>\$ 10,821,625</u>

The accompanying notes are an integral part of these financial statements.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ 21,563	\$ -	\$ 21,563
Grants from the Florida Department of Education	72,907	-	72,907
Grants from CPB	699,114	-	699,114
Federal Stimulus Grant—ARRA	14,380	-	14,380
Grants from the School Board of Miami-Dade County, Florida and Subsidies	1,679,178	180,650	1,859,828
Support and revenues of Friends of WLRN, Inc.	<u>7,330,363</u>	<u>-</u>	<u>7,330,363</u>
Total Revenues	<u>9,817,505</u>	<u>180,650</u>	<u>9,998,155</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	997,731	-	997,731
Materials, supplies and services	5,163,027	180,650	5,343,677
Depreciation	-	128,577	128,577
Loss on disposal of capital assets	-	679	679
Capital outlay	<u>1,037,925</u>	<u>(1,037,925)</u>	<u>-</u>
Total Expenditures/Expenses	<u>7,198,683</u>	<u>(728,019)</u>	<u>6,470,664</u>
Change in fund balance/net assets	2,618,822	908,669	3,527,491
Prior Period Adjustment	385,497	-	385,497
Fund balance/net assets at beginning of year	<u>5,724,491</u>	<u>1,184,146</u>	<u>6,908,637</u>
Fund balance/net assets at end of year	<u>\$ 8,728,810</u>	<u>\$ 2,092,815</u>	<u>\$ 10,821,625</u>

The accompanying notes are an integral part of these financial statements.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN - Radio (the "Station") significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting entity

The Station, which operates non-commercial public radio in Miami-Dade County, Florida, is an administrative department included in the governmental funds of the School Board of Miami-Dade County, Florida (the "School Board"). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and is intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station's General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA's non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station's financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenue available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station including general operations.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

New Pronouncements

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this statement is to improve the usefulness, including the understandability of governmental fund balance information. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011. The adoption of GASB 54 will result in changes to the composition of Fund Balance in the Financial Statements.

GASB 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles (the GAAP Hierarchy). This Statement applies to the financial statements of all state and local governments that are presented in conformity with GAAP. The requirements of this Statement are effective upon its issuance.

GASB 56, Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. This Statement amends paragraph 26 of the National Council on Governmental Accounting (NCGA) Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments. The requirements of this Statement are effective upon its issuance.

Cash and cash equivalents

Cash and cash equivalents held by Friends of WLRN, Inc. include liquid investments with original maturities of three months or less when acquired.

In addition to insurance provided by the Federal Depository Insurance Corporation, all time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies (cont'd)

Accounts receivable

Accounts receivable includes underwriting on-air recognition invoiced but not received.

The Friends of WLRN, Inc. extends credit based on periodic evaluations of the customer's financial condition. Exposure to losses on receivables varies by customer. The Friends of WLRN, Inc. monitors exposure to credit losses and records allowances for anticipated losses as needed.

Capital assets

Capital assets include land, buildings and building improvements, furniture, fixtures and equipment. The capitalization threshold for furniture, fixtures, and equipment is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Assets are recorded at historical costs. Assets purchased under capital leases are recorded at cost, which approximates fair value at acquisition date and does not exceed the present value of future minimum lease payments.

Capital assets are depreciated using the straight-line method on the following estimated useful lives:

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements.

Deferred revenue

Deferred revenue reported by Friends of WLRN, Inc. is comprised of Educational Broadband Services (EBS) lease revenue received but not yet recognized in accordance with generally accepted accounting principles and underwriting fees received in advanced. Deferred revenue at year ended June 30, 2011 amounted to \$68,084.

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

**WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1 - Summary of Significant Accounting Policies (cont'd)

Reserved fund balance/restricted net assets

In the fund financial statements/statement of net assets, reservations of fund balance/restrictions of net assets are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balance/net assets are reserved/restricted for grants or specific projects, as restricted by the grantor/donor.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Note 2 - Explanation of Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balances of the governmental fund of approximately \$8.729 million reported in the governmental fund balance sheet differs from total net assets of the governmental activities of approximately \$6.909 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance	\$ 8,728,810
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in the governmental fund. However, the statement of net assets includes those capital assets among the assets of the Station as a whole.	2,092,815
(b) Due from the School Board of Miami-Dade County, Florida is a non-current asset that is not available to pay for current expenditures, and, therefore, is deferred.	180,650
(c) Compensated absences are long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental fund.	(180,650)
Net assets of governmental activities	<u>\$ 10,821,625</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately \$2.618 million reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net assets of approximately \$3.527 million reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement. Explanations of the differences are as follows:

Net change in fund balance	\$ 2,618,822
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Depreciation expense of (\$128,577) net of capital outlay \$1,037,925, and loss on disposal of fixed assets (\$679).	908,669
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	180,650
(c) Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(180,650)</u>
Change in net assets of governmental activities	<u>\$ 3,527,491</u>

Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of cash and cash equivalents accounts maintained by the Friends of WLRN in financial institutions which, from time to time, may exceed the federal depository insurance coverage limits; investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and contributions. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 5 - Accounts Receivable

Accounts receivables are comprised of underwriting on-air recognition invoiced but not received. At June 30, 2011, the Friends of WLRN, Inc. recorded accounts receivable in the amount of approximately \$606,000, net of allowance for doubtful accounts in the amount of \$17,000.

Note 6 - Due From the School Board of Miami-Dade County, Florida

Due from the School Board of Miami-Dade County represents cash and cash equivalent held on behalf of the Station as of June 30, 2011 for restricted grants and accounts payable, accrued payroll expenses and compensated absences. At June 30, 2011, amount due was approximately \$828,000.

Note 7 - Capital Assets

Capital asset balances and activity during fiscal year 2011 were as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ 22,941	\$ -	\$ -	\$ 22,941
Total capital assets, not being depreciated	<u>22,941</u>	<u>-</u>	<u>-</u>	<u>22,941</u>
Capital assets, being depreciated:				
Building and improvements	1,048,084	1,017,273	-	2,065,357
Furniture, fixtures & equipment	<u>1,561,923</u>	<u>20,652</u>	<u>(68,754)</u>	<u>1,513,821</u>
Total capital assets, being depreciated	<u>2,610,007</u>	<u>1,037,925</u>	<u>(68,754)</u>	<u>3,579,178</u>
Less accumulated depreciation for:				
Building and improvements	491,349	44,418	-	535,767
Furniture, fixtures & equipment	<u>957,453</u>	<u>84,159</u>	<u>(68,075)</u>	<u>973,537</u>
Total accumulated depreciation	<u>1,448,802</u>	<u>128,577</u>	<u>(68,075)</u>	<u>1,509,304</u>
Total capital assets, being depreciated, net	<u>1,161,205</u>	<u>909,348</u>	<u>(679)</u>	<u>2,069,874</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 1,184,146</u>	<u>\$ 909,348</u>	<u>\$ (679)</u>	<u>\$ 2,092,815</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8 - Compensated Absences

The Station's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80 % of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of twenty-one days. These policies also provided for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The statement of net assets reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2011, the current and long-term portions were \$21,013 and \$180,650 respectively.

Note 9 - Reconciliation of CPB Grant Award to Revenue and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 102,772
Add: CPB grant award for fiscal year	699,114
Deduct: CPB revenue expended	<u>(476,150)</u>
CPB restricted net assets at end of year	<u>\$ (325,736)</u>

Note 10 - Reconciliation of Total Revenue to CPB Annual Financial Report

Non-Federal Financial Support

Direct revenue	\$ 8,657,849
Indirect revenue	65,383
In-kind contributions	<u>21,563</u>
Total Non-Federal Financial Support	8,744,795
Excludable Support (Friends & ARRA Grant)	(2,085,081)
CPB grant revenue	<u>699,114</u>
Total Revenue	<u>\$ 7,358,828</u>

**WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 11 - Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement of its Education Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporations (FCC) rules, licensees are allowed to lease out their "Excess capacity" to commercial entities. Friends of WLRN, Inc. remain the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

During 2009, Clearwire paid Friends of WLRN, Inc. \$3,000,000 at the inception of the agreement.

Provided that the Agreement is in full force and effect, Clearwire will pay to Friends of WLRN, Inc. a bonus payment in an amount equal to \$1,500,000 on or before the last day of the third year of the initial term of the agreement.

Lease payments will be made in monthly payment as follows:

<u>Years</u>	<u>Monthly</u>	<u>Annually</u>
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6-10	75,000	900,000
11-15	110,000	1,320,000
16-20	145,000	1,740,000
21-25	189,000	2,268,000
26-30	235,000	2,820,000

During the year ending June 30, 2011, Friends of WLRN, Inc. received \$660,000 under this agreement. Revenues under this lease agreement have been recognized on the statement of activities on a straight-line basis over 360 months. Total revenues recognized for the fiscal year ended June 30, 2011 was approximately \$1,768,000.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 12 Prior Period Adjustment

In the current year, it was determined that the July 1, 2009 assets and net assets were to be restated to correct an accounting error.

An adjustment to membership contributions receivable was made to recognize the portion that was promised to the Corporation by donors as membership pledges. Since the membership pledges are not exchange transactions and are contributions, they are recognized when the promise is made. Since annual membership can be paid over one year's time, a contribution receivable net of the allowance for uncollectible membership pledges, was recorded for the membership contributions promised that have not been paid as of each year-end.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ 21,500	\$ 21,563	\$ (63)
Grants from the Florida Department of Education	72,907	72,907	-
Federal Stimulus Grant--ARRA	14,380	14,380	-
Grants from CPB	699,114	699,114	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	1,685,550	1,679,178	6,372
Support and revenue of Friends of WLRN, Inc.	<u>7,350,000</u>	<u>7,330,363</u>	<u>19,637</u>
Total Revenues	<u>9,843,451</u>	<u>9,817,505</u>	<u>24,946</u>
EXPENDITURES			
Current:			
Salaries and benefits	967,250	997,731	(30,481)
Materials, supplies and services	5,250,540	5,163,027	87,513
Capital outlay	<u>1,500,000</u>	<u>1,037,925</u>	<u>462,075</u>
Total Expenditures	<u>7,717,790</u>	<u>7,198,683</u>	<u>519,107</u>
Change in fund balance	-	2,618,822	(493,161)
Prior period adjustment	-	385,497	-
Fund balance at beginning of year	<u>-</u>	<u>5,724,491</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 8,728,810</u>	<u>\$ -</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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Independent Accountants' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - Radio (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

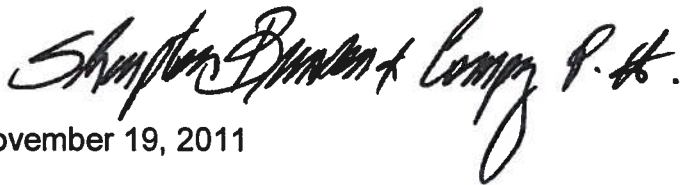
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.



November 19, 2011