

WLRN TELEVISION AND RADIO STATIONS

FINANCIAL STATEMENTS

JUNE 30, 2013

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2013**

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SECTION I: WLRN - TV



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 represent 2 percent and 28 percent, respectively, of the assets and revenues of the governmental activities (government-wide financial statements). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely 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 *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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. The financial statements 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, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WLRN - TV as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 20-21, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2013

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of WLRN - TV (the "Station"), we offer readers of the accompanying financial statements this overview and analysis of the financial activities of the Station for the fiscal year ended June 30, 2013. This summary should be read in conjunction with the financial statements and related notes, which immediately 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, consisting of Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. The Station also provides media support to the Miami-Dade County Public Schools, which has an enrollment of approximately over 347,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$9.165 million. Of this amount, approximately \$8.560 million was invested in capital assets, approximately \$609,000 was restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses, and approximately \$31,000 was restricted for other purposes. After accounting for the restrictions, there was an unrestricted deficit of approximately (\$34,000).

At the close of the current fiscal year, the Station's governmental fund reported an ending fund balance of approximately \$606,000, a decrease of approximately \$271,000 in comparison with the prior year. Approximately \$609,000 of this amount is restricted for the CPB.

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 Position 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 15 and 16 of this report.

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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 position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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 19 of this report.

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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 20 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 ended June 30, 2013 financial statements, are approximately \$1.947 million and \$1.967 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Analysis of the financial statements of the Station begins below. As noted earlier, net position over time, may serve as a useful indicator of the Station's financial position. Assets exceeded liabilities by \$9,165,173 at the close of the most recent fiscal year. A summary is provided below.

Summary of Net Position		
	<u>6/30/2013</u>	<u>6/30/2012</u>
Current assets	\$ 899,615	\$ 1,222,992
Non-current assets	288,944	361,955
Capital assets, net	<u>8,559,507</u>	<u>8,986,469</u>
Total assets	<u>9,748,066</u>	<u>10,571,416</u>
Current liabilities	293,949	345,961
Non-current liabilities	<u>288,944</u>	<u>361,955</u>
Total liabilities	<u>582,893</u>	<u>707,916</u>
Net position		
Net investment in capital assets	8,559,507	8,986,469
Restricted	640,121	886,480
Unrestricted	<u>(34,455)</u>	<u>(9,449)</u>
Total net position	<u>\$ 9,165,173</u>	<u>\$ 9,863,500</u>

- Total assets decreased in the current year mainly as a result of depreciation recognized on capital assets, and a decrease in the amount due from the School Board of Miami-Dade County, Florida as related to compensated absences (see Note 6 for further discussion).

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- The largest portion of the Station's net position of approximately \$8.560 million reflects its net investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment, and motor vehicles). These net assets are not available for future spending.

Summary of Changes in Net Position

	<u>6/30/2013</u>	<u>6/30/2012</u>
Revenues		
Grants from the Florida Department of Education	\$ 307,447	\$ -
Grants from CPB	1,182,084	1,297,515
Other grants and subsidies	3,566,088	4,135,506
Support and revenues of Friends of WLRN, Inc.	1,946,904	2,383,580
Gain on disposal of capital assets	1,381	-
Total revenues	<u>7,003,904</u>	<u>7,816,601</u>
Expenses		
Current	<u>7,564,228</u>	<u>7,780,396</u>
Change in net position	(560,324)	36,205
Net position, beginning of year	9,863,500	9,827,295
Reclassification to WLRN - Radio	<u>(138,003)</u>	<u>-</u>
Net position, end of year	<u>\$ 9,165,173</u>	<u>\$ 9,863,500</u>

- The decrease in net position of \$560,324 compared to the prior year is primarily due to a decrease in both grant revenues and revenues from Friends of WLRN, Inc.

Capital Assets

As of June 30, 2013, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$8.560 million, decreasing from approximately \$8.986 million as of June 30, 2012.

Summary of Capital Assets

(Net of Depreciation)

	<u>6/30/2013</u>	<u>6/30/2012</u>
Land	\$ 46,577	\$ 46,577
Buildings and improvements	7,478,729	7,693,754
Construction in progress	-	25,747
Furniture, fixtures and equipment	896,485	1,056,402
Motor vehicles	137,716	163,989
Total Capital Assets	<u>\$ 8,559,507</u>	<u>\$ 8,986,469</u>

Additional capital asset information can be found in Note 7 on page 17 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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
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GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Investment in marketable securities	\$ 56,524	\$ -	\$ 56,524
Membership contributions receivable, net	69,859	-	69,859
Accounts receivable, net	12,462	-	12,462
Other assets	55,753	-	55,753
Due from the School Board of Miami-Dade County, Florida	705,017	288,944	993,961
Capital assets, net of accumulated depreciation	-	8,559,507	8,559,507
Total Assets	<u>\$ 899,615</u>	<u>\$ 8,848,451</u>	<u>\$ 9,748,066</u>
LIABILITIES AND FUND BALANCE			
Current:			
Accounts payable and accrued expenses	\$ 241,378	\$ -	\$ 241,378
Compensated absences	52,571	-	52,571
Total current liabilities	293,949	-	293,949
Non-current:			
Compensated absences	-	288,944	288,944
Total liabilities	293,949	288,944	582,893
Fund balance:			
Non-spendable	14,241	(14,241)	-
Restricted	625,880	(625,880)	-
Unassigned	(34,455)	34,455	-
Total fund balance	605,666	(605,666)	-
Total Liabilities and Fund Balance	<u>\$ 899,615</u>	<u>\$ (316,722)</u>	<u>\$ 582,893</u>
NET POSITION			
Net investment in capital assets	\$ -	\$ 8,559,507	\$ 8,559,507
Restricted	-	640,121	640,121
Unrestricted	-	(34,455)	(34,455)
Total Net Position	<u>\$ -</u>	<u>\$ 9,165,173</u>	<u>\$ 9,165,173</u>

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

WLRN-TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
REVENUES			
Grants from the Florida Department of Education	\$ 307,447	\$ -	\$ 307,447
Grants from CPB	1,182,084	-	1,182,084
Grants from the School Board of Miami-Dade County, Florida and Subsidies	3,493,077	73,011	3,566,088
Support and revenues of Friends of WLRN, Inc.	1,946,904	-	1,946,904
Gain on disposal of capital assets	-	1,381	1,381
Total Revenues	<u>6,929,512</u>	<u>74,392</u>	<u>7,003,904</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	2,366,792	73,011	2,439,803
Materials, supplies and services	4,385,863	-	4,385,863
Depreciation	-	738,562	738,562
Capital outlay	310,219	(310,219)	-
Total Expenditures/Expenses	<u>7,062,874</u>	<u>501,354</u>	<u>7,564,228</u>
Change in fund balance/net position	(133,362)	(426,962)	(560,324)
Fund balance/net position at beginning of year	877,031	8,986,469	9,863,500
Reclassification to WLRN - Radio	(138,003)	-	(138,003)
Fund balance/net position at end of year	<u>\$ 605,666</u>	<u>\$ 8,559,507</u>	<u>\$ 9,165,173</u>

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of WLRN - TV (the “Station”) 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.

A. 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 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* and GASB No. 61, *The Financial Reporting Entity: Omnibus*, 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 office located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position 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.

WLRN - TV
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide financial statements (continued)

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 directly benefit from goods, services, 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.

C. 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.

D. 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.

E. Accounts receivable

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

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

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Note 1 – Summary of Significant Accounting Policies (continued)

F. Membership contributions receivable

Memberships are recognized as contributions by Friends of WLRN, Inc. and are initially reported at fair value. Contributions are recognized when the donor makes a promise to give to Friends of WLRN, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as restricted fund balance/net position depending on the nature of the restrictions.

Friends of WLRN, Inc. uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

G. Other assets

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

At June 30, 2013, other assets also include a deferred lease asset/receivable comprised of Educational Broadband Services lease revenue recognized but not yet collected in accordance with generally accepted accounting principles (see Note 11).

H. Capital assets

Capital assets purchased are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets include land, buildings and improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Buildings and improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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.

I. 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.

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Note 1 – Summary of Significant Accounting Policies (continued)

J. Fund balance

In the fund financial statements, the governmental fund reports fund balance in classifications based on the extent to which the Station is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the Station's policy to use the committed amounts first, followed by assigned and unassigned amounts. The Station reports the following fund balance classifications:

Non-spendable fund balance – Non-spendable fund balance are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid amounts or security deposits or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

Restricted fund balance – Restricted fund balance are amounts with constraints imposed on resources by external sources such as (a) creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Committed fund balance are amounts limited to specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board - the Station's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Station did not have any committed fund balance as of June 30, 2013.

Assigned fund balance – Assigned fund balance are amounts constrained by the School Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board and Station General Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted, or committed. The Station did not have any assigned fund balance as of June 30, 2013.

Unassigned fund balance – Unassigned fund balance consists of General Fund positive fund balances that are not otherwise classified. It is also used to report negative fund balance amounts.

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JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

K. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets. Net position is reported as restricted when there are external limitations imposed on its use through sources such as creditors, grantors, or laws or regulations of other governments, and when resources are nonexpendable.

L. 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.

M. Fund deficit

At June 30, 2013, the Station reported a negative unassigned fund balance in the General Fund. The Station does not substantially receive direct unrestricted contributions. Consequently, the deficit was caused by expenditures from Friends of WLRN, Inc. being slightly greater than the related support and revenues, and a significant portion of amounts due from the School Board are restricted as related to grant funding not yet spent.

N. New accounting pronouncements

During the fiscal year ended June 30, 2013, the Station implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of these statements is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Governmental entities enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. Concepts Statement No. 4, *Elements of Financial Statements*, identifies those consumptions or acquisitions as *deferred outflows of resources* and *deferred inflows of resources*, respectively, and distinguishes them from assets and liabilities. Concepts Statement 4 also identifies *net position* as the residual of all other elements presented in a statement of financial position. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances, and for reporting net position within the framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities. The provisions of these Statements were effective for periods beginning after December 15, 2011 and 2012, with earlier application encouraged. These Statements did not have a significant impact on the Station's financial statements, other than presentation and disclosure requirements.

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Note 1 – Summary of Significant Accounting Policies (continued)

O. Reclassifications

Certain amounts for the year ended June 30, 2012 have been reclassified in these financial statements. These reclassifications had no effect on the change in fund balance/net position for that year.

Note 2 – Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Position

The fund balance of the governmental fund of \$605,666 reported in the governmental fund balance sheet differs from total net position of governmental activities of approximately \$9.165 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 605,666
Amounts reported for governmental activities in the statement net position are different because:	
(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 position includes those capital assets among the assets of the Station as a whole.	8,559,507
(b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	288,944
(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>(288,944)</u>
Net position of governmental activities (Page 8)	<u>\$ 9,165,173</u>

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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 (\$133,362) reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of (\$560,324) 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 (Page 9)	\$ (133,362)
(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 (\$738,562), net of capital outlay \$310,219, and gain on disposal of fixed assets \$1,381.	(426,962)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	73,011
(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.	(73,011)
Change in net position of governmental activities (Page 9)	<u>\$ (560,324)</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 Friends of WLRN, Inc. 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.

Note 5 – Investments

Friends of WLRN, Inc. follows ASC 820-10 *Fair Value Measurement and Disclosure* for measuring fair value of investments. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from external market participants while unobservable inputs are generally developed internally, utilizing management’s estimates, assumptions, and specific knowledge of the assets/liabilities and related markets.

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Note 5 – Investments (continued)

The three levels are defined as follows:

Level 1 – valuation based on quoted prices in active markets for identical assets and liabilities

Level 2 – valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market

Level 3 – valuation is derived from model-based techniques inputs that are unobservable for the asset or liability; unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity

At June 30, 2013, Friends of WLRN, Inc. held investments in equity securities and mutual funds with a total fair value of \$56,524. The fair value measurements were based on level 1 and level 2 valuations of observable inputs.

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

Amounts due from the School Board of Miami-Dade County, Florida represents cash and cash equivalents held on behalf of the Station as of June 30, 2013 for restricted grants, compensated absences, accounts payable, and accrued payroll expenses. At June 30, 2013, the total amount due was \$993,961.

Note 7 – Capital Assets

Capital asset balances and activity during the fiscal year ended June 30, 2013 were as follow:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Capital assets, not being depreciated:				
Land	\$ 46,577	\$ -	\$ -	\$ 46,577
Construction in progress	25,747	12,785	38,532	-
Total capital assets, not being depreciated	<u>72,324</u>	<u>12,785</u>	<u>38,532</u>	<u>46,577</u>
Capital assets, being depreciated:				
Building and improvements	10,260,203	2,958	-	10,263,161
Furniture, fixtures and equipment	6,454,206	333,008	56,854	6,730,360
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	<u>17,185,015</u>	<u>335,966</u>	<u>56,854</u>	<u>17,464,127</u>
Less accumulated depreciation for:				
Building and improvements	2,566,449	217,983	-	2,784,432
Furniture, fixtures and equipment	5,397,804	494,306	58,235	5,833,875
Motor vehicles	306,617	26,273	-	332,890
Total accumulated depreciation	<u>8,270,870</u>	<u>738,562</u>	<u>58,235</u>	<u>8,951,197</u>
Total capital assets, being depreciated, net	<u>8,914,145</u>	<u>402,596</u>	<u>1,381</u>	<u>8,512,930</u>
Total capital assets, net	<u>\$ 8,986,469</u>	<u>\$ 389,811</u>	<u>\$ 37,151</u>	<u>\$ 8,559,507</u>

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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 position reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2013, the current and long-term portions were \$52,571 and \$288,944, respectively.

Note 9 – Reconciliation of CPB Grant Award to Revenues and Restricted Net Assets

CPB restricted net position at beginning of year	\$ 676,045
Add: CPB grant award for fiscal year	1,182,084
Deduct: CPB revenue expended	<u>(1,249,584)</u>
CPB restricted net position at end of year	<u><u>\$ 608,545</u></u>

Restricted Net Position

CPB	\$ 608,545
Restrictions from Friends of WLRN, Inc.	<u>31,576</u>
Total	<u><u>\$ 640,121</u></u>

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

Non-Federal Financial Support

Direct revenues	\$ 5,553,778
Indirect revenues	<u>268,042</u>
Total Non-Federal Financial Support	5,821,820
Excludable support	(208,924)
CPB grant revenues	<u>1,182,084</u>
Total Revenues	<u><u>\$ 6,794,980</u></u>

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Note 11 – Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term lease agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC (“Clearwire”). 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. During the fiscal year ended June 30, 2012, Friends of WLRN, Inc. received a final bonus payment of \$1,500,000 in accordance with the agreement.

Lease payments will be made in monthly payments 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, 2013, Friends of WLRN, Inc. received \$660,000 under this agreement. Revenue under this lease agreement has been recognized on the statement of activities on a straight-line basis over 360 months. Total revenue recognized for the fiscal year ended June 30, 2013 under the straight-line basis was \$1,768,000, of which approximately 10%, or \$178,600, is recognized in WLRN - TV.

WLRN - TV
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BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Grants from the Florida Department of Education	\$ 307,447	\$ 307,447	-
Grants from CPB	1,182,084	1,182,084	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	5,135,631	3,493,077	(1,642,554)
Support and revenues of Friends of WLRN, Inc.	1,950,000	1,946,904	(3,096)
Total Revenues	<u>8,575,162</u>	<u>6,929,512</u>	<u>(1,645,650)</u>
EXPENDITURES			
Current:			
Salaries and benefits	2,545,592	2,366,792	178,800
Materials, supplies and services	4,650,000	4,385,863	264,137
Capital outlay	1,245,729	310,219	935,510
Total Expenditures	<u>8,441,321</u>	<u>7,062,874</u>	<u>1,378,447</u>
Change in fund balance	133,841	(133,362)	(267,203)
Fund balance at beginning of year	877,031	877,031	-
Reclassification to WLRN - Radio	-	(138,003)	(138,003)
Fund balance at end of year	<u>\$ 1,010,872</u>	<u>\$ 605,666</u>	<u>\$ (405,206)</u>

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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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.



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, in accordance with the 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, the financial statements of the governmental activities and the major fund of 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, 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of City of the Station's internal control.

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 a 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. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2013

SECTION II: WLRN - RADIO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 represent 82 percent and 83 percent, respectively, of the assets and revenues of the governmental activities (government-wide financial statements). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely 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 *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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. The financial statements 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, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WLRN - Radio as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 21-22, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2013

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of WLRN - Radio (the "Station"), we offer readers of the accompanying financial statements this overview and analysis of the financial activities of the Station for the fiscal year ended June 30, 2013. This summary should be read in conjunction with the financial statements and related notes, which immediately 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, consisting of Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. The Station also provides media support to the Miami-Dade County Public Schools, which has an enrollment of approximately over 347,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$13.511 million. Of this amount, approximately \$1.976 million was invested in capital assets, approximately \$335,000 was restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses, and approximately \$29,000 was restricted for other purposes. The remaining \$11.170 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 \$11.534 million, an increase of approximately \$1.654 million in comparison with the prior year. Approximately \$335,000 of this amount is restricted for the CPB.

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 Position 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 15 and 16 of this report.

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JUNE 30, 2013

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 position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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 20 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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 21 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 ended June 30, 2013 financial statements, are approximately \$7.820 million and \$6.396 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Analysis of the financial statements of the Station begins below. As noted earlier, net position over time, may serve as a useful indicator of the Station's financial position. Assets exceeded liabilities by \$13,510,788 at the close of the most recent fiscal year. A summary is provided below.

Summary of Net Position		
	<u>6/30/2013</u>	<u>6/30/2012</u>
Current assets	\$ 11,845,355	\$ 10,547,049
Non-current assets	182,580	173,841
Capital assets, net	<u>1,976,405</u>	<u>2,065,108</u>
Total assets	<u>14,004,340</u>	<u>12,785,998</u>
Current liabilities	252,664	667,302
Non-current liabilities	<u>182,580</u>	<u>173,841</u>
Total liabilities	<u>435,244</u>	<u>841,143</u>
Deferred inflows of resources	<u>58,308</u>	<u>-</u>
Net position		
Net investment in capital assets	1,976,405	2,065,108
Restricted	364,104	242,369
Unrestricted	<u>11,170,279</u>	<u>9,637,378</u>
Total net position	<u>\$ 13,510,788</u>	<u>\$ 11,944,855</u>

- Total assets increased in the current year mainly as a result of the amount of support received from Friends of WLRN, Inc. and the Miami-Dade County School Board.
- A portion of the Station's net position of approximately \$1.976 million reflects its net investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment, and motor vehicles). These net assets are not available for future spending.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

- Of the remaining \$11.534 million of the Station's net position, approximately \$11.170 million represents resources that are unrestricted and available for any lawful use by the Station. The remaining net position represents approximately \$364,000 of restricted funds, predominantly restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses.

Summary of Changes in Net Position

	<u>6/30/2013</u>	<u>6/30/2012</u>
Revenues		
Grants from CPB	\$ 746,316	\$ 626,728
Other grants and subsidies	805,919	777,239
Support and revenues of Friends of WLRN, Inc.	<u>7,820,167</u>	<u>6,790,585</u>
Total revenues	<u>9,372,402</u>	<u>8,194,552</u>
Expenses		
Current	<u>7,944,472</u>	<u>7,071,332</u>
Change in net position	1,427,930	1,123,220
Net position, beginning of year	11,944,845	10,821,625
Reclassification to WLRN - Radio	<u>138,003</u>	<u>-</u>
Net position, end of year	<u>\$ 13,510,778</u>	<u>\$ 11,944,845</u>

- The increase in net position of approximately \$1.428 million compared to the prior year is primarily due to revenues received from Friends of WLRN, Inc.

Capital Assets

As of June 30, 2013, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$1.976 million, decreasing from approximately \$2.065 million as of June 30, 2012.

Summary of Capital Assets

(Net of Depreciation)

	<u>6/30/2013</u>	<u>6/30/2012</u>
Land	\$ 22,941	\$ 22,941
Buildings and improvements	1,436,876	1,481,768
Furniture, fixtures and equipment	<u>519,588</u>	<u>560,399</u>
Total Capital Assets	<u>\$ 1,979,405</u>	<u>\$ 2,065,108</u>

Additional capital asset information can be found in Note 8 on page 18 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, 2013

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 POSITION
JUNE 30, 2013

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 463,384	\$ -	\$ 463,384
Investment in marketable securities	8,819,804	-	8,819,804
Membership contributions receivable, net	505,977	-	505,977
Accounts receivable, net	569,601	-	569,601
Other receivables	152,009	-	152,009
Other assets	947,737	-	947,737
Due from the School Board of Miami-Dade County, Florida	386,843	182,580	569,423
Capital assets, net of accumulated depreciation	-	1,976,405	1,976,405
Total Assets	<u>\$ 11,845,355</u>	<u>\$ 2,158,985</u>	<u>\$ 14,004,340</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Current:			
Accounts payable and accrued expenses	\$ 236,733	\$ -	\$ 236,733
Compensated absences	15,931	-	15,931
Total current liabilities	252,664	-	252,664
Non-current:			
Compensated absences	-	182,580	182,580
Total liabilities	252,664	182,580	435,244
Deferred inflows of resources:			
Deferred revenue	58,308	-	58,308
Fund balance:			
Non-spendable	29,037	(29,037)	-
Restricted	335,067	(335,067)	-
Unassigned	11,170,279	(11,170,279)	-
Total fund balance	11,534,383	(11,534,383)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 11,845,355</u>	<u>\$ (11,351,803)</u>	<u>\$ 493,552</u>
NET POSITION			
Net investment in capital assets	\$ -	\$ 1,976,405	\$ 1,976,405
Restricted	-	364,104	364,104
Unrestricted	-	11,170,279	11,170,279
Total Net Position	<u>\$ -</u>	<u>\$ 13,510,788</u>	<u>\$ 13,510,788</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, 2013

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
REVENUES			
Grants from CPB	\$ 746,316	\$ -	\$ 746,316
Grants from the School Board of Miami-Dade County, Florida and Subsidies	797,180	8,739	805,919
Support and revenues of Friends of WLRN, Inc.	<u>7,820,167</u>	<u>-</u>	<u>7,820,167</u>
Total Revenues	<u>9,363,663</u>	<u>8,739</u>	<u>9,372,402</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	1,006,702	8,739	1,015,441
Materials, supplies and services	6,764,574	-	6,764,574
Depreciation	-	161,913	161,913
Loss on disposal of capital assets	-	2,544	2,544
Capital outlay	<u>75,754</u>	<u>(75,754)</u>	<u>-</u>
Total Expenditures/Expenses	<u>7,847,030</u>	<u>97,442</u>	<u>7,944,472</u>
Change in fund balance/net position	1,516,633	(88,703)	1,427,930
Fund balance/net position at beginning of year	9,879,747	2,065,108	11,944,855
Reclassification from WLRN - TV	<u>138,003</u>	<u>-</u>	<u>138,003</u>
Fund balance/net position at end of year	<u>\$ 11,534,383</u>	<u>\$ 1,976,405</u>	<u>\$ 13,510,788</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, 2013

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of WLRN - Radio (the “Station”) 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.

A. 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* and GASB No. 61, *The Financial Reporting Entity: Omnibus*, 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 office located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position 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.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide financial statements (continued)

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 directly benefit from goods, services, 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.

C. 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.

D. 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.

E. 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.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

F. Accounts receivable

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

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

G. Membership contributions receivable

Memberships are recognized as contributions by Friends of WLRN, Inc. and are initially reported at fair value. Contributions are recognized when the donor makes a promise to give to Friends of WLRN, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as restricted fund balance/net position depending on the nature of the restrictions.

Friends of WLRN, Inc. uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

H. Other assets

Other assets consist of prepaid expenses and security deposits in the ordinary course of operations.

At June 30, 2013, other assets also include a deferred lease asset/receivable comprised of Educational Broadband Services lease revenue recognized but not yet collected in accordance with generally accepted accounting principles (see Note 12).

I. Capital assets

Capital assets purchased are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets include land, buildings and improvements, and furniture, fixtures and equipment. The capitalization threshold for furniture, fixtures, and equipment is \$1,000 or greater. Buildings and improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Other costs incurred for repairs and maintenance are expensed as incurred.

	<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.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

J. Deferred inflows of resources

In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Station has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported in the balance sheet/statement of net position. Deferred revenue reported by Friends of WLRN, Inc. is comprised of underwriting fees received in advance and amounted to \$58,308 at June 30, 2013.

K. 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.

L. Fund balance

In the fund financial statements, the governmental fund reports fund balance in classifications based on the extent to which the Station is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the Station's policy to use the committed amounts first, followed by assigned and unassigned amounts. The Station reports the following fund balance classifications:

Non-spendable fund balance – Non-spendable fund balance are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid amounts or security deposits or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

Restricted fund balance – Restricted fund balance are amounts with constraints imposed on resources by external sources such as (a) creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Committed fund balance are amounts limited to specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board - the Station's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Station did not have any committed fund balance as of June 30, 2013.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Summary of Significant Accounting Policies (continued)

L. Fund balance (continued)

Assigned fund balance – Assigned fund balance are amounts constrained by the School Board’s “intent” to be used for specific purposes, but are neither restricted not committed. The School Board and Station General Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted, or committed. The Station did not have any assigned fund balance as of June 30, 2013.

Unassigned fund balance – Unassigned fund balance consists of General Fund positive fund balances that are not otherwise classified. It is also used to report negative fund balance amounts.

M. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets. Net position is reported as restricted when there are external limitations imposed on its use through sources such as creditors, grantors, or laws or regulations of other governments, and when resources are nonexpendable.

N. 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.

O. New accounting pronouncements

During the fiscal year ended June 30, 2013, the Station implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of these statements is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

**WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 – Summary of Significant Accounting Policies (continued)

O. New accounting pronouncements (continued)

Governmental entities enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. Concepts Statement No. 4, *Elements of Financial Statements*, identifies those consumptions or acquisitions as *deferred outflows of resources* and *deferred inflows of resources*, respectively, and distinguishes them from assets and liabilities. Concepts Statement 4 also identifies *net position* as the residual of all other elements presented in a statement of financial position. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances, and for reporting net position within the framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities. The provisions of these Statements were effective for periods beginning after December 15, 2011 and 2012, with earlier application encouraged. These Statements did not have a significant impact on the Station's financial statements, other than presentation and disclosure requirements.

Note 2 – Explanation of Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The fund balance of the governmental fund of approximately \$11.534 million reported in the governmental fund balance sheet differs from total net position of the governmental activities of approximately \$13.511 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 11,534,383
Amounts reported for governmental activities in the statement net position are different because:	
(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 position includes those capital assets among the assets of the Station as a whole.	1,976,405
(b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	182,580
(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>(182,580)</u>
Net position of governmental activities (Page 8)	<u>\$ 13,510,788</u>

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 \$1.517 million reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of approximately \$1.428 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 (Page 9)	\$ 1,516,633
(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 (\$161,913), net of capital outlay \$75,754, and loss on disposal of fixed assets \$(2,544).	(88,703)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	8,739
(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>(8,739)</u>
Change in net position of governmental activities (Page 9)	<u>\$ 1,427,930</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, Inc. in financial institutions which, from time to time, may exceed the federal depository insurance coverage limits; investment accounts maintained by the Friends of WLRN, Inc. at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledge 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. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

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Note 5 – Accounts Receivable

Accounts receivable are comprised of underwriting on-air recognition invoiced but not received. At June 30, 2013, Friends of WLRN, Inc. recorded accounts receivable in the amount of approximately \$609,000, net of allowance for doubtful accounts in the amount of \$39,000.

Note 6 – Investments

Friends of WLRN, Inc. follows ASC 820-10 *Fair Value Measurement and Disclosure* for measuring fair value of investments. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from external market participants while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions, and specific knowledge of the assets/liabilities and related markets.

The three levels are defined as follows:

Level 1 – valuation based on quoted prices in active markets for identical assets and liabilities

Level 2 – valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market

Level 3 – valuation is derived from model-based techniques inputs that are unobservable for the asset or liability; unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity

At June 30, 2013, Friends of WLRN, Inc. held investments in equity securities and mutual funds with a total fair value of \$8,819,804. The fair value measurements were based on level 1 and level 2 valuations of observable inputs.

Note 7 – Due From the School Board of Miami-Dade County, Florida

Amounts due from the School Board of Miami-Dade County represents cash and cash equivalents held on behalf of the Station as of June 30, 2013 for restricted grants, compensated absences, accounts payable, and accrued payroll expenses. At June 30, 2013, the total amount due was \$569,423.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 8 – Capital Assets

Capital asset balances and activity during the fiscal year ended June 30, 2013 were as follow:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Capital assets, not being depreciated:				
Land	\$ 22,941	\$ -	\$ -	\$ 22,941
Capital assets, being depreciated:				
Building and improvements	2,065,359	2,958	-	2,068,317
Furniture, fixtures and equipment	1,617,289	72,796	15,327	1,674,758
Total capital assets, being depreciated	3,682,648	75,754	15,327	3,743,075
Less accumulated depreciation for:				
Building and improvements	583,591	47,850	-	631,441
Furniture, fixtures and equipment	1,056,890	114,063	12,783	1,158,170
Total accumulated depreciation	1,640,481	161,913	12,783	1,789,611
Total capital assets, being depreciated, net	2,042,167	86,159	2,544	1,953,464
Total capital assets, net	\$ 2,065,108	\$ 86,159	\$ 2,544	\$ 1,976,405

Note 9 – Compensated Absences

The Station's employee vacation and sick leave polices 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 position reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2013, the current and long-term portions were \$15,931 and \$182,580 respectively.

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JUNE 30, 2013

Note 10 – Reconciliation of CPB Grant Award to Revenue and Restricted Net Assets

CPB restricted net position at beginning of year	\$ 242,369
Add: CPB grant award for fiscal year	746,316
Deduct: CPB revenue expended	<u>(653,618)</u>
CPB restricted net position at end of year	<u><u>\$ 335,067</u></u>

Restricted Net Position

CPB	\$ 335,067
Restrictions from Friends of WLRN, Inc.	<u>29,037</u>
Total	<u><u>\$ 364,104</u></u>

Note 11 – Reconciliation of Total Revenue to CPB Annual Financial Report

Non-Federal Financial Support

Direct revenues	\$ 8,571,302
Indirect revenues	<u>54,784</u>
Total Non-Federal Financial Support	8,626,086
Excludable support	(1,862,313)
CPB grant revenues	<u>746,316</u>
Total Revenues	<u><u>\$ 7,510,089</u></u>

Note 12 – Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC (“Clearwire”). 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. During the fiscal year ended June 30, 2012, Friends of WLRN, Inc. received a final bonus payment of \$1,500,000 in accordance with the agreement.

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Note 12 – Long-Term Broadband Frequency Lease (continued)

Lease payments will be made in monthly payments 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, 2013, 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, 2013 was \$1,768,000, of which approximately 90%, or \$ 1,589,400, is recognized in WLRN - Radio.

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, 2013

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Grants from CPB	\$ 746,316	\$ 746,316	\$ -
Grants from the School Board of Miami-Dade County, Florida and Subsidies	2,785,785	797,180	(1,988,605)
Support and revenues of Friends of WLRN, Inc.	<u>7,850,000</u>	<u>7,820,167</u>	<u>(29,833)</u>
Total Revenues	<u>11,382,101</u>	<u>9,363,663</u>	<u>(2,018,438)</u>
EXPENDITURES			
Current:			
Salaries and benefits	1,380,837	1,006,702	374,135
Materials, supplies and services	6,985,108	6,764,574	220,534
Capital outlay	<u>1,245,729</u>	<u>75,754</u>	<u>1,169,975</u>
Total Expenditures	<u>9,611,674</u>	<u>7,847,030</u>	<u>1,764,644</u>
Change in fund balance	1,770,427	1,516,633	(253,794)
Fund balance at beginning of year	9,879,747	9,879,747	-
Reclassification from WLRN - TV	<u>-</u>	<u>138,003</u>	<u>138,003</u>
Fund balance at end of year	<u>\$ 11,650,174</u>	<u>\$ 11,534,383</u>	<u>\$ (115,791)</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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.



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, in accordance with the 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, the financial statements of the governmental activities and the major fund of 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, 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of City of the Station's internal control.

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 a 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. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2013