

SAGA COMMUNICATIONS INC

Form 10-K

March 15, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period for _____ to _____

Commission file number 1-11588

SAGA COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

73 Kercheval Avenue

Grosse Pointe Farms, Michigan

(Address of principal executive offices)

38-3042953

*(I.R.S. Employer
Identification No.)*

48236

(Zip Code)

Registrant's telephone number, including area code:

(313) 886-7070

Securities registered pursuant to Section 12(b) of the Act:

Edgar Filing: SAGA COMMUNICATIONS INC - Form 10-K

Title of each class	Name of each exchange on which registered
Class A Common Stock, \$.01 par value	NYSE Amex

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Aggregate market value of the Class A Common Stock and the Class B Common Stock (assuming conversion thereof into Class A Common Stock) held by nonaffiliates of the registrant, computed on the basis of the closing price of the Class A Common Stock on June 30, 2011 on the NYSE Amex: \$134,907,883.

The number of shares of the registrant's Class A Common Stock, \$.01 par value, and Class B Common Stock, \$.01 par value, outstanding as of March 9, 2012 was 3,652,539 and 597,504, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2012 Annual Meeting of Stockholders (to be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year) are incorporated by reference in Part III hereof.

Table of Contents

Saga Communications, Inc.

2011 Form 10-K Annual Report

Table of Contents

	Page
PART I	
Item 1. <u>Business</u>	4
Item 1A. <u>Risk Factors</u>	24
Item 1B. <u>Unresolved Staff Comments</u>	28
Item 2. <u>Properties</u>	28
Item 3. <u>Legal Proceedings</u>	28
Item 4. <u>Mine Safety Disclosures</u>	28
PART II	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	29
Item 6. <u>Selected Financial Data</u>	32
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
Item 7A. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	46
Item 8. <u>Financial Statements and Supplementary Data</u>	46
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	47
Item 9A. <u>Controls and Procedures</u>	47
Item 9B. <u>Other Information</u>	49
PART III	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	49
Item 11. <u>Executive Compensation</u>	49
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	49
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	49
Item 14. <u>Principal Accountant Fees and Services</u>	49
PART IV	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	50
Signatures	79

Table of Contents

Forward-Looking Statements

Statements contained in this Form 10-K that are not historical facts are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, words such as believes, anticipates, estimates, plans, expects, similar expressions are intended to identify forward-looking statements. These statements are made as of the date of this report or as otherwise indicated, based on current expectations. We undertake no obligation to update this information. A number of important factors could cause our actual results for 2012 and beyond to differ materially from those expressed in any forward-looking statements made by or on our behalf. Forward-looking statements are not guarantees of future performance as they involve a number of risks, uncertainties and assumptions that may prove to be incorrect and that may cause our actual results and experiences to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. The risks, uncertainties and assumptions that may affect our performance, which are described in Item 1A of this report, include our financial leverage and debt service requirements, dependence on key personnel, dependence on key stations, U.S. and local economic conditions, our ability to successfully integrate acquired stations, regulatory requirements, new technologies, natural disasters and terrorist attacks. We cannot be sure that we will be able to anticipate or respond timely to changes in any of these factors, which could adversely affect the operating results in one or more fiscal quarters. Results of operations in any past period should not be considered, in and of itself, indicative of the results to be expected for future periods. Fluctuations in operating results may also result in fluctuations in the price of our stock.

Table of Contents**PART I****Item 1. Business**

We are a broadcast company primarily engaged in acquiring, developing and operating broadcast properties. As of February 29, 2012, we owned and/or operated five television stations and four low-power television stations serving three markets, five radio information networks, and sixty-one FM and thirty AM radio stations serving twenty-three markets, including Bellingham, Washington; Columbus, Ohio; Norfolk, Virginia; Milwaukee, Wisconsin; Manchester, New Hampshire; Des Moines, Iowa; and Joplin, Missouri.

The following table sets forth information about our radio stations and the markets they serve as of February 29, 2012:

Station	Market (a)	2011 Market Ranking By Radio Revenue (b)	2011 Market Ranking By Radio Market (b)	Station Format	Target Demographics
FM:					
WKLH	Milwaukee, WI	27	38	Classic Rock	Men 35-54
WHQG	Milwaukee, WI	27	38	Rock	Men 25-49
WJMR-FM	Milwaukee, WI	27	38	Urban Adult Contemporary	Women 25-54
WZBK	Milwaukee, WI	27	38	Classic Country	Adults 45-64
WSNY	Columbus, OH	35	36	Adult Contemporary	Women 25-54
WNND	Columbus, OH	35	36	Adult Hits	Adults 25-49
WNNP	Columbus, OH	35	36	Adult Hits	Adults 25-49
WVMX	Columbus, OH	35	36	Hot Adult Contemporary	Women 25-44
WNOR	Norfolk, VA	40	43	Rock	Men 18-49
WAFX	Norfolk, VA	40	43	Classic Rock	Men 35-54
KSTZ	Des Moines, IA	72	90	Hot Adult Contemporary	Women 25-44
KIOA	Des Moines, IA	72	90	Classic Hits	Adults 45-64
KAZR	Des Moines, IA	72	90	Rock	Men 18-34
KLTI	Des Moines, IA	72	90	Soft Adult Contemporary	Women 35-54
KIOA-HD2	Des Moines, IA	72	90	Contemporary Hits	Adults 18-34
WMGX	Portland, ME	93	167	Hot Adult Contemporary	Women 25-44
WYNZ	Portland, ME	93	167	Classic Hits	Adults 45-64
WPOR	Portland, ME	93	167	Country	Adults 25-54
WCLZ	Portland, ME	93	167	Adult Album Alternative	Adults 25-54
WAQY	Springfield, MA	94	87	Classic Rock	Men 35-54
WLZX	Springfield, MA	94	87	Rock	Men 18-34
WRSI	Northampton, MA	94	87	Adult Album Alternative	Adults 35-54
WRSY	Brattleboro, VT	N/A	N/A	Adult Album Alternative	Adults 35-54
WHAI	Greenfield, MA	N/A	N/A	Adult Contemporary	Women 25-54
WPVQ	Greenfield, MA	N/A	N/A	Country	Adults 25-54
WLZX-HD2	Greenfield, MA	N/A	N/A	Contemporary Hits	Adults 18-34
WZID	Manchester, NH	112	193	Adult Contemporary	Women 25-54
WMLL	Manchester, NH	112	193	Classic Hits	Adults 35-54
WZID-HD2	Manchester, NH	112	193	Contemporary Hits	Adults 18-34
WLRW	Champaign, IL	159	213	Hot Adult Contemporary	Women 25-44
WIXY	Champaign, IL	159	213	Country	Adults 25-54
WCFF	Champaign, IL	159	213	Classic Hits	Adults 35-44
WYXY	Champaign, IL	159	213	Classic Country	Adults 45-64
WLRW-HD2	Champaign, IL	159	213	Oldies	Adults 45-64
WIXY-HD2	Champaign, IL	159	213	Rock	Men 18-49

(footnotes follow tables)

Table of Contents

Station	Market (a)	2011 Market Ranking By Radio Revenue (b)	2011 Market Ranking By Radio Market (b)	Station Format	Target Demographics
WYMG	Springfield, IL	N/A	N/A	Classic Rock	Men 25-54
WQQL	Springfield, IL	N/A	N/A	Oldies	Adults 45-64
WDBR	Springfield, IL	N/A	N/A	Contemporary Hits	Adults 18-34
WABZ	Springfield, IL	N/A	N/A	Variety Hits	Adults 25-54
WOXL	Asheville, NC	151	158	Adult Contemporary	Women 25-54
WTMT	Asheville, NC	151	158	Rock	Men 18-49
WOXL-HD2	Asheville, NC	151	158	Adult Album Alternative	Adults 18-49
WNAX	Sioux City IA	200	265	Country	Adults 35+
WWWV	Charlottesville, VA	N/A	N/A	Rock	Men 25-54
WQMZ	Charlottesville, VA	N/A	N/A	Adult Contemporary	Women 25-54
WCNR	Charlottesville, VA	N/A	N/A	Adult Album Alternative	Adults 18-49
KEGI	Jonesboro, AR	238	277	Classic Hits	Men 25-54
KDXY	Jonesboro, AR	238	277	Country	Adults 25-54
KJBX	Jonesboro, AR	238	277	Adult Contemporary	Women 25-54
KDXY-HD2	Jonesboro, AR	238	277	Contemporary Hits	Adults 18-34
KDXY-HD3	Jonesboro, AR	238	277	Oldies	Adults 45-64
WCVQ	Clarksville, TN				
	Hopkinsville, KY	N/A	N/A	Hot Adult Contemporary	Women 25-54
WVVR	Clarksville, TN				
	Hopkinsville, KY	N/A	N/A	Country	Adults 25-54
WZZP	Clarksville, TN				
	Hopkinsville, KY	N/A	N/A	Rock	Men 18-34
WEGI	Clarksville, TN				
	Hopkinsville, KY	N/A	N/A	Classic Hits	Adults 35-54
KISM	Bellingham, WA	N/A	N/A	Classic Rock	Men 25-54
KAFE	Bellingham, WA	N/A	N/A	Adult Contemporary	Women 25-54
KICD	Spencer, IA	N/A	N/A	Country	Adults 35+
KLLT	Spencer, IA	N/A	N/A	Adult Contemporary	Women 25-54
KMIT	Mitchell, SD	N/A	N/A	Country	Adults 35+
KUQL	Mitchell, SD	N/A	N/A	Classic Hits	Adults 45-64
WKVT	Brattleboro, VT	N/A	N/A	Classic Hits	Adults 25-54
WKNE	Keene, NH	N/A	N/A	Hot Adult Contemporary	Women 25-54
WSNI	Keene, NH	N/A	N/A	Adult Contemporary	Women 35-54
WINQ	Keene, NH	N/A	N/A	Country	Adults 25-54
WKNE-HD2	Keene, NH				