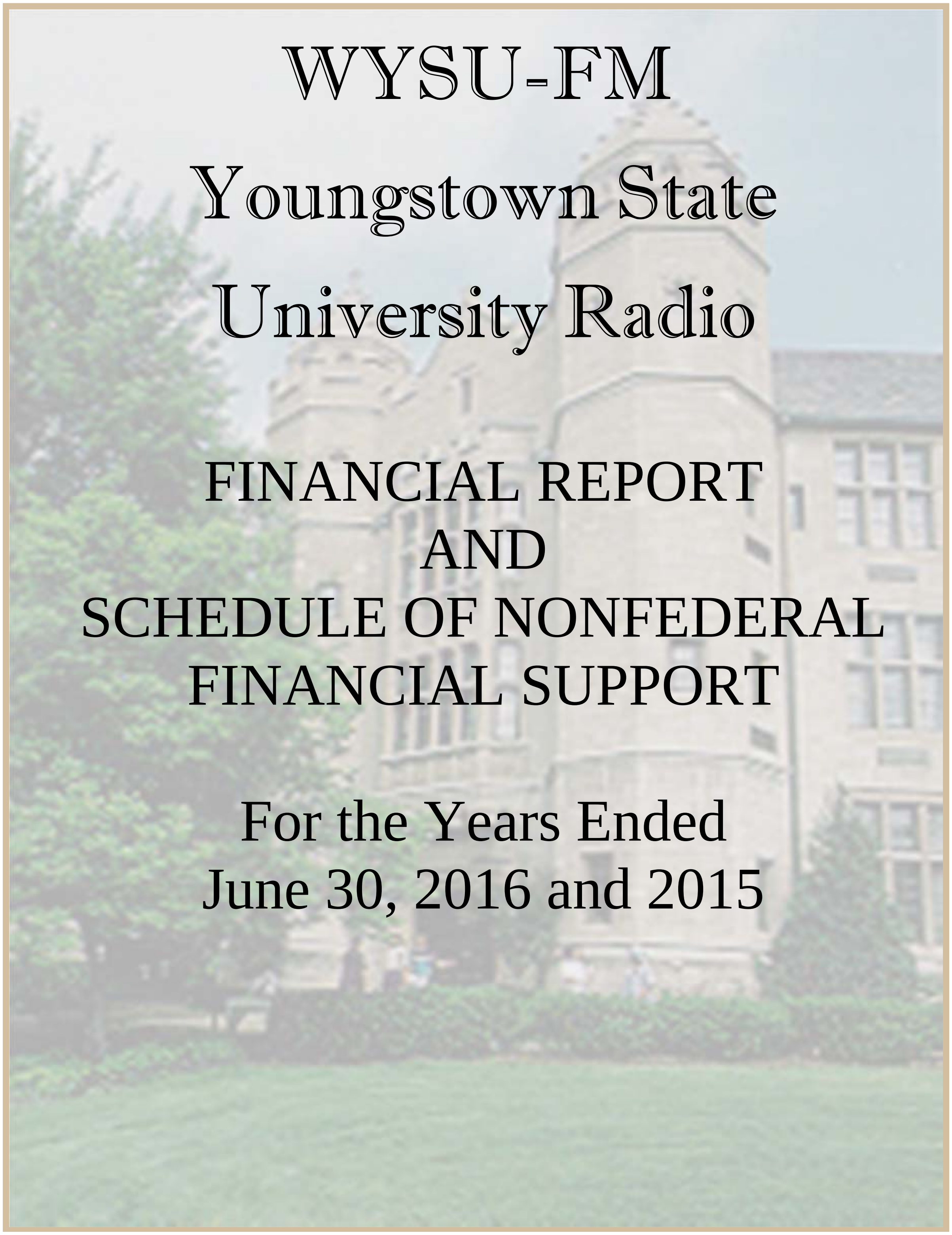

WYSU-FM

Youngstown State University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

For the Years Ended
June 30, 2016 and 2015

Contents

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of WYSU-FM, Youngstown State University Radio (the "Station"), as of and for the years ended June 30, 2016 and 2015, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 to 11, the Schedule of the Station's Proportionate Share of the Net Pension Liability on page 31, and the Schedule of the Station's Contributions on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The supplementary information included in the Schedule of Nonfederal Financial Support on page 32 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Nonfederal Financial Support is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Nonfederal Financial Support is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) Financial Report presents a discussion and analysis of the financial performance of the Station, a noncommercial public radio station operated by Youngstown State University (the University or YSU), during the fiscal year ended June 30, 2016 with comparative information for the fiscal years ended June 30, 2015 and June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

The University operates WYSU-FM, a 50,000 watt radio station that serves the Mahoning and Shenango Valley regions with fine arts, news and information programming from its studios in Melnick Hall. WYSU-FM functions as a department of the Division of University Relations at the University. The Station broadcasts a mix of news and classical music programs on its main analog channel, HD1 (digital) channel, and an internet stream. WYSU-FM also broadcasts all classical music on its HD2 channel and second internet stream. The Station broadcasts at 88.5 MHz in Youngstown, Ohio, 90.1 MHz in Ashtabula, Ohio, and 97.5 MHz in New Wilmington, Pennsylvania.

WYSU-FM is a non-commercial, listener-supported, community-based public radio station committed to being the region's leading source for quality programming. It provides trusted in-depth news, engaging conversation and music that stimulates the mind and spirit. As one of YSU's most visible daily representatives to the community, WYSU-FM also strives to be a valuable ambassador to the community, providing a forum to promote the artistic and intellectual activities of the University.

Since 1969, public radio WYSU 88.5 FM has been northeast Ohio's and western Pennsylvania's source for the best in news and information programming, music, and entertainment. WYSU-FM is a charter National Public Radio (NPR) affiliate station. Every week thousands of listeners tune to the Station for its eclectic and innovative non-commercial program schedule including engaging news and information, great entertainment, and superb classical, jazz, and folk music – together providing a provocative, culturally rich, and intellectually stimulating journey for WYSU-FM listeners.

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

During fiscal year 2015, the Station adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These statements significantly revise accounting for pension costs and liabilities.

Prior to GASBs 68 and 71, the accounting for pension costs, was focused on a funding approach, which limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each pension plan's *net pension liability*.

Under standards required by GASBs 68 and 71, the net pension liability equals the Station's proportionate share of each pension plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits. Pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. The unfunded portion of this pension promise is a present obligation, part of a bargained-for benefit to the employee, and should be reported by the Station as a liability since the benefit of the exchange was received.

However, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. The Station is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by the state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASBs 68 and 71, the Station's statements, prepared on an accrual basis of accounting, include an annual pension expense for the proportionate share of each pension plan's *change* in net pension liability.

Overall presentation elements of the financial statements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.

- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered nonoperating as defined by GASB Statement No. 35.

- Capital assets are reported net of accumulated depreciation.

Financial and Other Station Highlights

- In February 2016, the Station's entire operation moved to a new state-of-the-art facility, occupying over 4,000 square feet on the second floor of Melnick Hall on the YSU campus
- The average donation per member increased over 4% in fiscal year 2016
- Strong renewal rates in underwriters and an increase in lower level underwriters resulted in a nearly 4% increase in underwriting income

The Statements of Net Position

The Statements of Net Position present the financial position of the Station at the end of the fiscal year and include all assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position of the Station. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the Statement of Net Position. Deferred outflows of resources include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Net position is one indicator of the financial condition of the Station, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

A summarized comparison of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2016, 2015, and 2014 was as follows:

	June 30, 2016	June 30, 2015	June 30, 2014
Assets			
Current assets	$ 1,656,140	$ 2,132,802	$ 1,920,570
Noncurrent assets			
Capital assets, net	193,913	95,076	112,628
Other assets	188,806	186,646	185,805
Total Noncurrent assets	382,719	281,722	298,433
Total Assets	2,038,859	2,414,524	2,219,003
Deferred Outflows of Resources	202,174	54,268	-
Liabilities			
Current liabilities	164,130	178,998	157,730
Noncurrent liabilities	698,622	523,143	91,312
Total Liabilities	862,752	702,141	249,042
Deferred Inflows of Resources	12,185	7,755	-
Total Net Position	$ 1,366,096	$ 1,758,896	$ 1,969,961
Net Position			
Net investment in capital assets	193,913	95,076	112,628
Restricted	459,309	715,124	663,981
Unrestricted	712,874	948,696	1,193,352
Total Net Position	$ 1,366,096	$ 1,758,896	$ 1,969,961

Current assets consist primarily of cash and cash equivalents, accounts receivable, and pledges receivable. Current assets decreased $476,662 or 22% from fiscal year 2015 to fiscal year 2016. This was primarily due to a decrease in cash that was used for the Melnick Hall renovation project and expenses related to the Station's move to the new building in February 2016. Net capital assets increased $98,837 or 104% from fiscal year 2015 to fiscal year 2016 due to new purchases relating to the Station's move to Melnick Hall including new broadcasting equipment, a new tower, and a new transmitter.

Current assets increased $212,232 or 11% from fiscal year 2014 to fiscal year 2015 mainly due to an increase in cash and accounts receivable. Included in accounts receivable were $25,000 in capital gifts raised by the Youngstown State University Foundation (YSUF or the Foundation) during June 2015, subsequently disbursed to the University in July 2015. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.

Deferred outflows of resources and deferred inflows of resources consist of items relating to pensions. Certain elements impacting the change in the net pension liability have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, and net differences between projected and actual earnings of pension plan investments, and changes in the proportionate share of contributions. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources. The Station adopted GASBs 68 and 71 in fiscal year 2015. The Station made no restatement for deferred outflows of resources and deferred inflows of resources for fiscal year 2014 as the information needed to generate these restatements was not available.

Deferred outflows of resources increased $147,906 or 273% from fiscal year 2015 to fiscal year 2016. The increase was primarily due to a $147,288 increase in the amount attributed to the net difference between projected and actual earnings on pension plan investments. Deferred inflows or resources increased $4,430 or 57% from fiscal year 2015 to fiscal year 2016. The increase was due to differences between projected and actual experience.

Included in deferred outflows at June 30, 2015 was $22,398 for the net difference between projected and actual earnings of pension plan investments. In addition, Station contributions to the pension plan subsequent to the measurement date of the pension plans were also reflected as deferred outflows of resources. Included in deferred inflows at June 30, 2015 was $7,755 for the difference between projected and actual experience.

See Note 7 for additional information on Defined Benefit Pension Plans.

Liabilities consisting of accounts payable, unearned revenue, compensated absences, and net pension liability increased $160,611 or 23% between fiscal year 2015 and fiscal year 2016. This was mainly due to an increase in the net pension liability of $178,501 or 43%. Offsetting this increase, unearned revenue decreased $13,174 or 8% due to a decrease in the annual grant awarded from the Corporation for Public Broadcasting (CPB). Generally the Station defers spending of the annual CPB grant funds to the subsequent fiscal year. Therefore if unspent, it is considered unearned revenue in the fiscal year in which funds are received.

Total liabilities increased $453,099 or 182% between fiscal year 2014 and fiscal year 2015. Net pension liability and compensated absences accounted for the majority of the increase. Due to the adoption of GASBs 68 and 71, the Station recorded a net pension liability of $408,436 at July

1, 2014. The net pension liability totaled $416,913 at June 30, 2015. Unearned revenue at June 30, 2015 was greater than unearned revenue at June 30, 2014 due to an increase in the annual CPB grant awarded. Compensated absences balances increased due to personnel changes within the Station. Refer to Notes 5 and 6 for additional information about unearned revenue, compensated absences, and the net pension liability.

The following is a recap of total net position with the impact of the GASBs 68 and 71 pension expense accruals segregated.

	June 30, 2016	June 30, 2015	June 30, 2014
Net investment in capital assets	$ 193,913	$ 95,076	$ 112,628
Restricted	459,309	715,124	663,981
Unrestricted	1,118,299	1,319,096	1,193,352
Total without GASBs 68 and 71	1,771,521	2,129,296	1,969,961
GASBs 68 and 71	(405,425)	(370,400)	-
Total Net Position	$ 1,366,096	$ 1,758,896	$ 1,969,961

Total net position decreased $392,800 or 22% from $1,758,896 at June 30, 2015 to $1,366,096 at June 30, 2016. The $98,837 or 104% increase in net investment of capital assets was due to new equipment purchases for the Station's new facility space in Melnick Hall. The decrease of $255,815 or 36% in restricted net position was primarily due to a general appropriation from the Station to the University of $385,778 for the Melnick Hall renovation project. Offsetting the decrease in the restricted net position were capital gift donations of $87,600 to the Melnick Hall project fund during fiscal year 2016. Excluding the impact of GASBs 68 and 71, unrestricted net position decreased $200,797 or 15% as the result of excess expenses over revenues, with the expenses primarily used for the Melnick Hall renovation project.

Overall the Station's net position decreased $211,065 or 11% from $1,969,961 at June 30, 2014 to $1,758,896 at June 30, 2015. The $51,143 or 8% increase in restricted net position was mainly due to $50,000 in capital gift donations to fund the Station's new facility space. The Station dedicated $527,500 of the restricted expendable funds for renovations to be completed during fiscal year 2016. The $244,656 or 21% decrease in unrestricted net position includes a $378,802 decrease due to the adoption of GASBs 68 and 71 and an increase of $125,744, which was primarily due to an excess of membership and underwriting revenue over expenses. The $17,552 or 16% decrease in net investment in capital assets from fiscal year 2014 to fiscal year 2015 was due to depreciation expense.

The Statements of Revenues, Expenses, and Changes in Net Position

These statements present the operating results and the nonoperating revenues and expenses of the Station. The revenues and expenses are reported as either operating or nonoperating. Operating revenues are generated by an annual Community Service Grant from CPB (a portion of which is restricted) and an annual grant from the Broadcast Educational Media Commission (BEMC), which is administered by the State of Ohio. In accordance with the 2014-2015 Biennial Budget

Bill (HB59), the eTech Ohio Commission was reconstituted as the Broadcast Educational Media Commission, effective July 1, 2013. In addition, in-kind support is received from BEMC and includes support for transmission of Radio Reading Service Programming. Operating revenues also include contributions from area businesses (program underwriting). Operating expenses are incurred to vendors and employees for providing goods or services for the overall operations of the Station. Net nonoperating revenues include the general appropriation from the University, donated facilities and administrative support from the University, membership revenue, net revenue from fund raising, and net investment income.

A summary of the Station's revenues, expenses, and changes in net position follows:

	June 30, 2016	June 30, 2015	June 30, 2014
Total Operating Revenues	$ 426,299	$ 372,297	$ 370,570
Total Operating Expenses	1,553,929	1,309,130	1,269,967
Operating Loss	(1,127,630)	(936,833)	(899,397)
Net Nonoperating Revenues	647,230	1,054,570	1,005,300
Gain Before Other Revenue, Expenses, and Changes	(480,400)	117,737	105,903
Total Other Revenue, Expenses, and Changes	87,600	50,000	77,500
Change in Net Position	(392,800)	167,737	183,403
Net Position at Beginning of the Year, as originally stated	1,758,896	1,969,961	1,786,558
Cumulative effect of GASB 68 and 71 implementation	-	(378,802)	-
Net Position at Beginning of the Year, as restated	1,758,896	1,591,159	1,786,558
Net Position at End of the Year	$ 1,366,096	$ 1,758,896	$ 1,969,961

Overall, the Station's total operating revenues increased $54,002 or 15% between fiscal year 2015 and fiscal year 2016. The revenue from the annual CPB grant that was unearned until fiscal year 2016 was $11,078 or 8% more than the revenue unearned from the fiscal year 2015 CPB grant. In-kind contributions increased $27,661 or 23% mainly due to an increase in in-kind support from the BEMC. In addition, the BEMC increased their subsidy support, resulting in an increase of $11,983 or 52% in the BEMC grant over the prior year.

Total operating revenue increased $1,727 or .5% between fiscal year 2014 and fiscal year 2015. The revenue from the annual CPB grant that was unearned until fiscal year 2015 was $2,822 or 2% less than the revenue unearned from the fiscal year 2014 CPB grant. In addition, a strong renewal rate in underwriters resulted in an increase of $4,124 or 5% in underwriting revenue.

The following is a recap of total operating expenses with the impact of the GASBs 68 and 71 pension expense accruals segregated.

	June 30, 2016	June 30, 2015	June 30, 2014
Program Services	$ 924,260	$ 720,238	$ 744,631
Support Services	594,644	597,294	525,336
Operating Expenses without GASBs 68 and 71 accruals	1,518,904	1,317,532	1,269,967
GASBs 68 and 71 pension expense accruals	35,025	(8,402)	-
Total Operating Expenses	$ 1,553,929	$ 1,309,130	$ 1,269,967

Excluding the impact of GASBs 68 and 71, total operating expenses increased $201,372 or 15% between fiscal year 2015 and fiscal year 2016, primarily due to a $204,022 or 28% increase in program services. Within program services, broadcasting expense increased $188,666 or 92% over the prior year and was largely due to small equipment purchases, maintenance, satellite fees and software fees related to the Station's move to Melnick Hall. Changes in the staff duties during fiscal year 2016 resulted in increases and decreases within the support services categories, but overall expense remained flat compared to the prior year.

Due to the unavailability of information, fiscal year 2014 operating expenses were not restated for the adoption of GASBs 68 and 71. Excluding the impact of GASBs 68 and 71, total operating expenses increased $47,565 or 4% between fiscal year 2014 and fiscal year 2015. This was due to a combination of a decrease in program services of $24,393 or 3% and an increase in support services of $71,958 or 14%. In the program services category, programming and production accounted for the greatest decrease as radio programming fees were lower in fiscal year 2015 compared to fiscal year 2014. In the support services category, fund raising and membership development decreased primarily due to the Spring 2015 grand prize not being accepted as of June 30, 2015. Underwriting and clerical expenses both increased due to personnel changes and a shift in staff duties.

Total net nonoperating revenues decreased $407,340 or 39% from fiscal year 2015 to fiscal year 2016. This decrease was primarily due to a general appropriation to the University of $385,778 during fiscal year 2016. The general appropriation to the University related to restricted donations to the Station for the Melnick Hall project that were transferred to the University for building improvements to Melnick Hall, where the Station moved to in February 2016.

Total net nonoperating revenues increased $49,270 or 5% from fiscal year 2014 to fiscal year 2015. Membership income and the general appropriation from the University increased, whereas investment income decreased. Membership income increased $49,683 or 21%, mainly due to an increase in the Station's membership base, as well as a 15% increase in the average donation per member. The general appropriation from the University increased $15,696 or 3%, the result of an increase in compensated absences due to personnel changes. Investment income decreased $19,427 or 76%, primarily due to unrealized losses incurred in fiscal year 2015 compared to unrealized gains in fiscal year 2014.

Other revenues, expenses and changes consist of capital gifts. Between fiscal year 2015 and fiscal year 2016, capital gifts increased $37,600 or 75% due to an increase in gifts for the Melnick Hall renovation project. Capital gifts decreased $27,500 or 35% from fiscal year 2014 to fiscal year 2015. This was mainly due to fewer gifts received in fiscal year 2015 to fund to the Station's new facility space.

Economic Factors for the Future

Looking to the future, management believes that the Station will continue its favorable financial position and level of excellence to its constituents. As a major community service arm of Youngstown State University, WYSU-FM reaches thousands of listeners over the airways each day in eight counties in Ohio and three in Pennsylvania. The Station also reaches many other listeners and former members of the community throughout the country and around the world through its streaming services and smart phone applications. With the continued support of the University's Board of Trustees and administration, the generous loyalty of WYSU-FM's listener-members, and the support of businesses, non-profit organizations, and foundations, WYSU-FM has maintained stability during challenging economic times.

A major focus during fiscal year 2016 was the Station's move to Melnick Hall. The Station successfully migrated all technology services from Cushwa Hall to Melnick Hall and moved into a newly remodeled, state-of-the-art facility occupying over 4,000 square feet on the second floor of the building in February 2016. The Station funded the remodeling, at a cost of over $550,000, with grants and gifts, as well as purchased over $200,000 in broadcast equipment. In addition to providing the same level of service to the public and Station staff, the Station now has increased redundancy and reliability in key pieces of infrastructure including audio routing, transmission backup, administrative tools, and studio sound quality. Management anticipates the new facility will provide the Station with a heightened community visibility and opportunities for new and expanded collaborations and more local programming.

Membership and underwriting, the Station's two streams of public support, continue to be a crucial element in the Station's future. Although the membership base had decreased 4% and membership income remained flat in fiscal year 2016 compared to fiscal year 2015, the average donation per member increased 4%. Conversely, underwriting income increased nearly 4% from fiscal year 2015 to fiscal year 2016, primarily due to a strong renewal rate in underwriters and an increase in lower level underwriters. WYSU-FM is dedicated to maintaining strong relationships with its members and underwriters as work continues to provide them and all listeners with a direct, personal connection to the University, as well as lifelong learning and personal development opportunities through the Station's fine arts and news and information programming.

WYSU-FM Youngstown State University Radio

Statements of Net Position at June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,581,469	$ 2,049,267
Interest receivable	310	389
Accounts receivable (net of allowance of $185 in 2016 and $1,128 in 2015)	28,915	35,123
Pledges receivable (net of allowance of $2,778 in 2016 and $3,006 in 2015)	45,446	48,023
Total Current Assets	1,656,140	2,132,802
Noncurrent Assets		
Endowment investments	188,806	186,646
Capital assets, net	193,913	95,076
Total Noncurrent Assets	382,719	281,722
Total Assets	2,038,859	2,414,524
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	202,174	54,268
Total Deferred Outflows of Resources	202,174	54,268
LIABILITIES		
Current Liabilities		
Accounts payable	7,022	7,122
Unearned revenue	147,976	161,150
Compensated absences	9,132	10,726
Total Current Liabilities	164,130	178,998
Noncurrent Liabilities		
Compensated absences	103,208	106,230
Net pension liability	595,414	416,913
Total Noncurrent Liabilities	698,622	523,143
Total Liabilities	862,752	702,141
DEFERRED INFLOWS OF RESOURCES		
Pension OPERS	12,185	7,755
Total Deferred Inflows of Resources	12,185	7,755
NET POSITION		
Net investment in capital assets	193,913	95,076
Restricted - Nonexpendable	108,153	108,153
Restricted - Expendable	351,156	606,971
Unrestricted	712,874	948,696
Total Net Position	$ 1,366,096	$ 1,758,896

See accompanying notes to financial statements.

WYSU-FM Youngstown State University Radio

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2016 and 2015

	June 30, 2016	June 30, 2015
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	$ 145,521	$ 134,443
In-kind contributions	147,319	119,658
Broadcast Education Media Commission grant	35,149	23,166
Underwriting revenue	98,310	95,030
Total Operating Revenues	426,299	372,297
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	472,415	439,981
Broadcasting	393,554	204,888
Program information	68,024	64,453
Traffic and continuity	7,170	6,905
Support Services		
Management and general	289,148	257,854
Fund raising and membership development	82,488	128,642
Underwriting	109,791	99,208
Clerical	107,310	89,647
Depreciation	24,029	17,552
Total Operating Expenses	1,553,929	1,309,130
Operating Loss	(1,127,630)	(936,833)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	537,580	579,141
General appropriation to the University	(385,778)	-
Donated facilities and administrative support from the University	181,329	166,645
Membership revenue	286,237	286,835
Special revenues from fund raising (net of expenses of $3,944 in 2016 and $3,370 in 2015)	17,257	15,771
Investment gain, net of investment expense	10,605	6,178
Net Nonoperating Revenues	647,230	1,054,570
Gain Before Other Revenues, Expenses, and Changes	(480,400)	117,737
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital gifts	87,600	50,000
Total Other Revenues, Expenses, and Changes	87,600	50,000
Change in Net Position	(392,800)	167,737
NET POSITION		
Net Position at Beginning of the Year	1,758,896	1,591,159
Net Position at End of the Year	$ 1,366,096	$ 1,758,896

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016	June 30, 2015
Cash Flows from Operating Activities		
Receipts from Corporation for Public Broadcasting grant	$ 131,649	$ 145,521
Receipts from Broadcast Educational Media Commission grant	35,149	23,166
Business and underwriting support	104,766	70,217
Payments to suppliers	(498,886)	(345,938)
Payments to employees	(494,393)	(493,257)
Payments for benefits	(177,214)	(150,054)
Total Cash Flows Used in Operating Activities	(898,929)	(750,345)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	537,580	579,141
General appropriation to the University	(385,778)	-
Membership receipts	288,814	323,307
Fundraising receipts	21,201	19,141
Payments for fundraising	(3,944)	(3,370)
Total Cash Flows Provided by Noncapital Financing Activities	457,873	918,219
Cash Flows from Investing Activities		
Interest on investments	10,684	5,788
(Purchase) sale of investments	(2,160)	(841)
Total Cash Flows Provided by Investing Activities	8,524	4,947
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	87,600	50,000
Purchase of capital assets	(122,866)	-
Total Cash Flows Provided by Capital and Related Financing Activities	(35,266)	50,000
Change in Cash and Cash Equivalents	(467,798)	222,821
Cash and Cash Equivalents, Beginning of Year	2,049,267	1,826,446
Cash and Cash Equivalents, End of Year	$ 1,581,469	$ 2,049,267
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (1,127,630)	$ (936,833)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	24,029	17,552
Donated facilities and administrative support from the University	181,329	166,645
Changes in assets and liabilities:		
Accounts receivable, net	6,208	(25,994)
Prepaid expenses	-	501
Accounts payable, compensated absences, and unearned revenue	(17,890)	36,186
Net pension liability	178,501	38,111
Deferred outflows of resources	(147,906)	(54,268)
Deferred inflows of resources	4,430	7,755
Net Cash Flows Used in Operating Activities	$ (898,929)	$ (750,345)

See accompanying notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) is operated as a department of the Division of University Relations at Youngstown State University (the University or YSU) and is subject to the policies established by the University's Board of Trustees. The Station reports annually to the Corporation for Public Broadcasting (CPB).

The financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Station have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB).

Under the provisions of GASB Statement No. 63, resources are classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets - Capital assets, net of accumulated depreciation, and the outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted Nonexpendable - Resources subject to externally imposed stipulations that they be maintained permanently by the Station. Such resources include the Station's permanent endowment fund corpus balance.

- Restricted Expendable - Resources whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time. Such resources include the restricted portion of the CPB's Radio Community Service Grant, donations for the Melnick Hall renovation project, and endowment earnings.

- Unrestricted - Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for Station programs, initiatives, and capital projects.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties.

Cash Equivalents - The Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value and excludes amounts restricted by board designation or whose use is limited.

Investments **-** In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Endowment Policy **-** The University Endowment Fund consists of 99 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. Prior to July 2015, the University's policy was to limit annual distributions to no greater than accumulated income earned. Distributions greater than the accumulated income earned require written justification and Board of Trustees' approval. Effective July 2015 a new endowment spending policy was implemented where annual distributions each fiscal year are set to 5% of the twelve-quarter average of the market value for the preceding twelve calendar quarters. In calculating the twelve-quarter average, census dates of March 31, June 30, September 30 and December 31 for the previous three years shall be used. Distributions greater than the calculated amount require written justification and Board of Trustees' approval.

Accounts Receivable - Accounts receivable consist of underwriting charges for various Station programs. Also included are amounts due from private sources in connection with reimbursement of allowable expenditures under the applicable Station grants and contracts. Accounts receivable also include gifts collected by the YSU Foundation as part of a development services agreement. Accounts are recorded net of allowance for uncollectible accounts.

Pledges Receivable **-** The Station receives pledges of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

Capital Assets **-** Capital assets are comprised of equipment and stated at cost or fair value at date of gift. The capitalization threshold for equipment is $5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life for equipment is 3 to 7 years. The antenna and tower are depreciated over 10 years.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and net investment in capital assets. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred.

Unearned Revenue - Unearned revenue includes amounts received from grants and contract sponsors that have not yet been earned.

Compensated Absences - Accumulated unpaid vacation, personal and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources that are applicable to a future resource period. Deferred outflows of resources in the Station's financial statements consist of differences between projections and actual in the OPERS pension plan and contributions subsequent to the measurement date of the plan. Deferred inflows of resources in the Station's financial statements consist of differences between projections and the actual in the OPERS pension plan.

Pensions – For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position has been determined on the same basis as reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

General Appropriation from the University - The general appropriation represents support from the University for salaries and operating expenses not provided through other sources.

General Appropriation to the University - The general appropriation represents support from the Station to the University for capital projects.

Donated Facilities and Administrative Support - Donated facilities and administrative support represent the Station's allocated amounts of institutional support and donated facilities and is recorded as nonoperating revenue and expenses in the Statement of Revenue, Expenses, and Changes in Net Position. Administrative support is based on the Station's pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the

Station's pro-rata share of the University's total plant expenses along with calculated occupancy costs.

Income Taxes - The Internal Revenue Service has ruled that the University's income is generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code. The University is subject to tax on unrelated business income.

Measurement Focus and Financial Statement Presentation - Operating revenues and expenses result from providing programming, production, and broadcasting support for the Station. The principal operating revenues include two grants, one from the CPB and one from the Broadcast Educational Media Commission (BEMC), along with underwriting revenue from area businesses. Principal operating expenses include programming, production, broadcasting, fundraising, and management services and support. The principal nonoperating revenues are the general appropriation from the University and membership support.

Release of Restricted Funds - When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Station's policy to apply restricted resources first, then unrestricted resources as needed.

Management's Estimates - The preparation of the 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 reported amounts of assets, liabilities, revenue and expenses during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from these estimates.

Reclassification – Certain reclassifications have been made to the fiscal year 2015 amounts to conform with the fiscal year 2016 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – Cash and Cash Equivalents

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificates of deposit.

The aggregate cost of repurchase agreements, which approximates fair value, included in the University's cash and cash equivalents is $357,738 and $2,083,878 at June 30, 2016 and June 30, 2015, respectively.

Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

The University's cash and cash equivalents at June 30, 2016 and June 30, 2015 consisted of the following:

	2016	2015
Carrying Amount (Cash and cash equivalents)	$ 15,893,972	$ 11,472,554
FDIC Insured	$ 5,769,116	$ 5,817,914
Uninsured but collateralized by pools of securities pledged by the depository banks	4,927,221	3,883,274
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	5,882,625	3,274,251
Bank Balance	$ 16,578,962	$ 12,975,439

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks.

The Station's cash and cash equivalents are included in these totals and were $1,581,469 and $2,049,267 at June 30, 2016 and June 30, 2015, respectively.

Credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. At June 30, 2016 and June 30, 2015, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 3 - Investments

The University's investment policy authorizes the University to invest endowed University funds in compliance with provisions of the Ohio Revised Code including House Bill 524, Section 3345.05 of the Ohio Revised Code, and all other applicable laws and regulations.

In accordance with the Policies of the Board of Trustees of the University, investment types are not specifically limited but shall be made with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Furthermore, investments shall be managed for the use and benefit of the University in a diversified portfolio that focuses, over time, on the preservation of capital, minimization of cost and risk, and maintenance of required levels of liquidity in the overall portfolio to meet cash flow requirements.

The University utilizes an investment advisor and investment managers for endowment funds. The University's endowment funds, which includes WYSU-FM's endowment fund, are managed by Huntington Trust. The Station's investments represent a portion of the University's endowment investments. University endowment investments were $8,776,929 as of June 30, 2016 and $8,784,183 as of June 30, 2015. The Station's portion of the University endowment investments were $188,806 as of June 30, 2016 and $186,646 as of June 30, 2015.

The University's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Assets classified in Level 1 of the fair value hierarchy are valued directly from a primary external pricing vendor.

As of June 30, 2016, the University had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 7,557,213	$ -	$ -	$ 7,557,213
Corporate Bonds	9,921,463	-	-	9,921,463
Foreign Bonds	115,597	-	-	115,597
U.S. Government Bonds	1,828,911	-	-	1,828,911
Bond Mutual Funds	9,813,823	-	-	9,813,823
Preferred and Common Stock	6,255,968	-	-	6,255,968
Equity Mutual Funds	27,829,070	-	-	27,829,070
Totals	$ 63,322,045	$ -	$ -	$ 63,322,045

As of June 30, 2015, the University had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 7,427,958	$ -	$ -	$ 7,427,958
Corporate Bonds	9,845,758	-	-	9,845,758
Foreign Bonds	100,406	-	-	100,406
U.S. Government Bonds	1,618,225	-	-	1,618,225
Bond Mutual Funds	11,211,109	-	-	11,211,109
Preferred and Common Stock	5,987,195	-	-	5,987,195
Equity Mutual Funds	26,867,528	-	-	26,867,528
Totals	$ 63,058,179	$ -	$ -	$ 63,058,179

As of June 30, 2016, the Station had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate Bonds	$ 20,202	$ 1,510	$ 12,461	$ 6,231	$ -
Foreign Bonds	2,077	2,077	-	-	-
U.S. Government Bonds	13,594	-	13,594	-	-
Bond Mutual Funds	3,399	3,399	-	-	-
Preferred and Common Stock	133,674	133,674	-	-	-
Equity Mutual Funds	15,860	15,860	-	-	-
Totals	$ 188,806	$ 156,520	$ 26,055	$ 6,231	$ -

All callable stocks were assumed to mature in less than one year.

As of June 30, 2015, the Station had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate Bonds	$ 26,131	$ 6,159	$ 7,093	$ 12,879	$ -
Foreign Bonds	2,053	-	2,053	-	-
U.S. Government Bonds	11,199	-	5,973	5,226	-
Bond Mutual Funds	4,293	4,293	-	-	-
Preferred and Common Stock	125,612	125,612	-	-	-
Equity Mutual Funds	17,358	17,358	-	-	-
Totals	$ 186,646	$ 153,422	$ 15,119	$ 18,105	$ -

All callable stocks were assumed to mature in less than one year.

As of June 30, 2016, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 20,202	$ -	$ 11,156	$ 7,903	$ 1,143	$ -
Foreign Bonds	2,077	-	2,077	-	-	-
U.S. Government Bonds	13,594	-	13,594	-	-	-
Bond Mutual Funds	3,399	590	946	331	1,508	24
Totals	$ 39,272	$ 590	$ 27,773	$ 8,234	$ 2,651	$ 24

As of June 30, 2015, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 26,131	$ -	$ 10,703	$ 9,071	$ 6,357	$ -
Foreign Bonds	2,053	-	2,053	-	-	-
U.S. Government Bonds	11,199	-	11,199	-	-	-
Bond Mutual Funds	4,293	784	1,177	574	1,743	15
Totals	$ 43,676	$ 784	$ 25,132	$ 9,645	$ 8,100	$ 15

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty's trust department or agent but not in the name of the University. At June 30, 2016 and 2015, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2016 and 2015, the University had no material exposure to foreign currency risk. The University does not address foreign currency risk in its investment policy and asset allocation guidelines.

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 475,691	$ 79,109	$ 5,943	$ 548,857
Studio and broadcast equipment	383,210	43,757	157,546	269,421
Total cost	858,901	122,866	163,489	818,278
Less: Accumulated depreciation	763,825	24,029	163,489	624,365
Capital assets, net	$ 95,076	$ 98,837	$ -	$ 193,913

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 475,691	$ -	$ -	$ 475,691
Studio and broadcast equipment	383,210	-	-	383,210
Total cost	858,901	-	-	858,901
Less: Accumulated depreciation	746,273	17,552	-	763,825
Capital assets, net	$ 112,628	$ (17,552)	$ -	$ 95,076

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2016 and June 30, 2015 consisted of the following:

	2016	2015
Corporation for Public Broadcasting grant	$ 131,649	$ 145,521
Underwriting agreements	16,327	15,179
Other unearned revenue	-	450
Total unearned revenue	$ 147,976	$ 161,150

Note 6 – Long-Term Liabilities

Long-term liability activity (also see Note 7) for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 116,956	$ -	$ 4,616	$ 112,340	$ 9,132
Net pension liability	416,913	256,549	78,048	595,414	-
Total long-term liabilities	$ 533,869	$256,549	$ 82,664	$ 707,754	$ 9,132

Long-term liability activity (also see Note 7) for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 99,650	$ 17,306	$ -	$ 116,956	$ 10,726
Net pension liability	-	416,913	-	$ 416,913	-
Total long-term liabilities	$ 99,650	$ 434,219	$ -	$ 533,869	$ 10,726

Note 7 – Defined Benefit Pension Plans

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

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

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

GASBs 68 and 71 assumes the liability is solely the obligation of the employer, because (1) the employer benefits from employee services; and (2) State statute requires all funding to come from the employer. All contributions to date have come solely from employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each pension plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in payroll liabilities.

Plan Description

Substantially all Station employees are provided with pensions through the OPERS, which is a statewide cost-sharing multiple employer defined benefit pension plan. Authority to establish and amend benefits for OPERS is authorized by Chapter 145 of the Ohio Revised Code. OPERS issues publicly available financial reports which can be obtained at https://www.opers.org/financial/reports.shtml.

OPERS offers three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

OPERS Defined Benefit Plan pays service retirement benefits using a fixed formula based on age, years of service credit and final average salary (FAS). In addition to service retirement, participants are eligible for disability and survivor benefits.

OPERS Member-Directed Plan is an optional alternative retirement plan available to new members. Participants allocate both member and a portion of the employer contributions in an investment account. Portions of the employer contributions are allocated to the defined benefit unfunded liabilities. Benefits are based on the member’s account value.

OPERS Combined Plan offers features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plans, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit along with disability and survivor benefits.

Benefits Provided

OPERS provides retirement, disability, annual cost-of-living adjustments, and survivor benefits for plan members and beneficiaries. The benefit provisions stated in the following paragraphs are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

OPERS Benefits

Under OPERS, retirement benefits are specific to each pension plan and members must meet the eligibility requirements based on their age and years of service credit within the plan. Retirement eligibility also varies by division and transition group. Members who were eligible to retire under law in effect prior to SB 343 before January 7, 2013 are included in transition Groups A and B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

State and Local members in transition groups A and B are eligible for retirement benefits at age 55 with 25 or more years of service credit or at age 60 with 5 years of service credit. State and Local members in transition Group C are eligible for retirement at age 57 with 25 years of service credit or at age 62 with 5 years of service credit.

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service credit for the first 30 years of service credit and 2.5% for years of service credit in excess of 30 years. For Group C the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service credit in excess of 35. FAS represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member’s

FAS for the first 30 years of service credit. A factor of 1.25% is applied to years of service credit in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service credit and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect coverage under either the original plan or the revised plan. All members who entered the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death.

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit.

Contributions

<u>OPERS Contributions</u>

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. For the years ended June 30, 2016 and June 30, 2015, the employee contribution rate was 10% and the employer contribution rate was 14%. The Station's contributions to OPERS were $65,109, $64,597, and $61,627 for the fiscal years ended

June 30, 2016, 2015, and 2014, respectively. There were no contributions made to the ARP for the fiscal years ended June 30, 2016, 2015 and 2014. Contributions were equal to the required contributions for each year as set by state statute.

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

At June 30, 2016 and June 30, 2015, the Station reported a liability of $595,414 and $416,913, respectively for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2015 and December 31, 2014 for the plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Station's proportion of the net pension liability was based on its contributions to the pension plan relative to the contributions of all participating reporting units. The Station's proportionate share was 0.00345% and 0.00347% for 2016 and 2015, respectively.

Total pension expense for the years ended June 30, 2016 and June 30, 2015, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, was $100,134 and $56,195, respectively. Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

At June 30, 2016 and June 30, 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46	$ 12,185	$ -	$ 7,755
Net difference between projected and actual earnings on pension plan investments	169,686	-	22,398	-
Change in proportionate share of contributions	171	-	-	-
Station contributions subsequent to the measurement date	32,271	-	31,870	-
Totals	$ 202,174	$ 12,185	$ 54,268	$ 7,755

Amounts reported as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Station's subsequent year's financial statements. Other cumulative amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		Amount
2017	$	36,972
2018		39,934
2019		43,254
2020		37,920
2021		(95)
Thereafter		(267)
Totals	$	157,718

Actuarial Assumptions

The total pension liability is based on the results of actuarial valuations and was determined using the following actuarial assumptions, which were applicable to 2016 and 2015 valuation dates.

Actuarial Assumptions	
Acuarial cost method	Individual entry age
Cost of living	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.8% simple
Salary increases, including inflation	4.25%-10.05%
Inflation	3.75%
Investment rate of return	8%
Experience study date	Period of 5 years ended December 2010
Mortality basis	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount rate

The discount rate used to measure the total pension liability was 8.00% and was applicable to the 2015 and 2016 valuation dates. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions will be made at the contractually required rates for all plans. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long term expected rate of return on OPERS defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and expected real rates of return for each major asset class are summarized as follows

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	2.31%
Domestic equity	20.7%	5.84%
International equity	18.3%	7.40%
Real estate	10.0%	4.25%
Private equity	10.0%	9.25%
Other	18.0%	4.59%
Totals	100.0%	

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Station calculated using the discount rate below, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate.

	($ in thousands)					
June 30,	1% Decrease		Current Discount Rate		1% Increase	
2016	7.00%	$ 882	8.00%	$ 595	9.00%	$ 295
2015	7.00%	770	8.00%	417	9.00%	120

Pension plan fiduciary net position

Detailed information about OPERS fiduciary net position is available in the separately issued financial reports.

Payable to the Pension Plan

The Station reported a payable of $5,432 and $5,356 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2016 and June 30, 2015, respectively.

Note 8 - Related Party

Youngstown State University Foundation is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. The Foundation is devoted to the support, expansion, and development of educational programs at the University that are useful and beneficial to the students and the community. During fiscal year 2015, the University entered into a development services agreement with the Foundation, wherein the Foundation raises and maintains donations on behalf of the University. The Foundation remits all related funds, which have been received, on a monthly basis.

The operations of WYSU-FM are supported by general appropriations from the University. In addition to direct support received through grant awards and underwriting revenue attributable to WYSU-FM's operations, the University covers operating costs of WYSU-FM. The University's support allocation totaled $537,580 and $579,141 in direct support for fiscal years 2016 and 2015, respectively, and $181,329 and $166,645 in indirect administrative support and donated facilities for fiscal years 2016 and 2015, respectively. During fiscal year 2016, WYSU-FM appropriated $385,778 of donations restricted to the Melnick Hall renovation project to the University.

Note 9 – Risk Management

WYSU-FM is included in the University's insurance programs. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has joined with other state-assisted universities in Ohio to form an insurance pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurance value to the pool. Future contributions will be adjusted based upon each University's loss history. The University had no significant reductions in coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Schedule of the Station's Proportionate Share of the Net Pension Liability

OPERS

Fiscal Year	2016	2015
Measurement Date	1/1/15-12/31/15	1/1/14-12/31/14
Station's proportion of the net pension liability (asset)	0.00345%	0.00347%
Station's proportionate share of the net pension liability (asset)	$ 595,414	$ 416,913
Station's covered-employee payroll	$ 493,694	$ 478,895
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	120.60%	87.06%
Plan fiduciary net position as a percentage of the total pension liability	85.00%	84.00%

NOTE: Years prior to 2015 are not available.

Schedule of the Station's Contributions

OPERS

	2016	2015
Statutorily required contribution	$ 65,109	$ 64,597
Contributions in relation to the Statutorily required contribution	$ 65,109	$ 64,597
Annual contribution deficiency	$ -	$ -
Station's covered-employee payroll	$ 465,061	$ 461,406
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	14.00%	14.00%

Supplementary Information

Schedule of Nonfederal Financial Support for the Year Ended June 30, 2016

Direct Income	$	1,066,735
Indirect Administrative Support		181,329
In-Kind Contributions of Services and Other Assets		130,777
Total Nonfederal Financial Support	$	1,378,841

Youngstown State University