WYSU-FM

Youngstown State University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

For the Years Ended
June 30, 2018 and 2017

WYSU-FM Youngstown State University Radio

Contents

Crowe LLP
Independent Member Crowe Global

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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.

As discussed in Note 1 to the financial statements, Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was effective for the Station's fiscal year ending June 30, 2018. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to other post-employment benefits other than pensions. As a result, net position was restated by $314,525 as of July 1, 2017 for the cumulative effect of the application of this pronouncement. 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 12, the Schedules of the Station's Proportionate Share of the Net Pension Liability and the Net OPEB liability on pages 39 and 40, and the Schedules of the Station's Contributions on pages 39 and 40, 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 41 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 LLP

Crowe LLP

Columbus, Ohio
November 30, 2018

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, 2018 with comparative information for the fiscal years ended June 30, 2017 and June 30, 2016. 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 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 2018, the Station adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* and 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 revised accounting for pension/OPEB costs and liabilities.

Prior to GASBs 68, 71 and 75, the accounting for pension/OPEB costs, was focused on a funding approach, which limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each pension plan's *net pension/OPEB liability*.

Under standards required by these statements, the net pension/OPEB liability equals the Station's proportionate share of each pension/OPEB plan's collective present value of estimated future pension/OPEB benefits attributable to employees' past service minus plan assets available to pay these benefits. Pension/OPEB 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 portions of these pension/OPEB promises are a present obligation, part of a bargained-for benefit to the employee, and are reported by the Station as liabilities since the benefit of the exchange was received.

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 these liabilities. 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 by 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/OPEB liabilities. Changes in pension/OPEB benefits, contribution rates, and return on investments affect the balances of the net pension/OPEB liabilities, 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 payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASBs 68, 71 and 75, the Station's statements, prepared on an accrual basis of accounting, include an annual pension/OPEB expense for the proportionate share of each pension plan's *change* in net pension/OPEB liability.

Overall key 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.

Fiscal Year 2018 Financial and Other Station Highlights

- Stable financial position and audience numbers
- Surpassed combined monetary goals for fall 2017 and spring 2018 membership pledge drives during fiscal year 2018
- Underwriting revenue continued its upward trend with strong underwriter renewal rates

The Statements of Net Position

The Statement of Net Position presents 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 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 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, 2018, 2017, and 2016 was as follows:

	June 30, 2018	June 30, 2017	June 30, 2016
Assets			
Current assets	$ 1,669,533	$ 1,622,085	$ 1,656,140
Noncurrent assets			
Capital assets, net	125,483	159,698	193,913
Other assets	205,309	198,798	188,806
Total Noncurrent assets	330,792	358,496	382,719
Total Assets	2,000,325	1,980,581	2,038,859
Deferred Outflows of Resources	122,134	265,057	202,174
Liabilities			
Current liabilities	175,660	169,820	164,130
Noncurrent liabilities	940,906	854,064	698,622
Total Liabilities	1,116,566	1,023,884	862,752
Deferred Inflows of Resources	161,133	18,818	12,185
Total Net Position	$ 844,760	$ 1,202,936	$ 1,366,096
Net Position			
Net investment in capital assets	125,483	159,698	193,913
Restricted	333,395	326,592	459,309
Unrestricted	385,882	716,646	712,874
Total Net Position	$ 844,760	$ 1,202,936	$ 1,366,096

Total assets, consisting primarily of cash and cash equivalents, accounts receivable, pledges receivable, investments, and capital assets, increased $19,744 or 1% from fiscal year 2017 to fiscal year 2018. Current assets increased $47,448 or 3% between fiscal year 2017 and fiscal year 2018 and was primarily due to an increase in cash and cash equivalents, the result of an overall net decrease in cash used in operating activities. Noncurrent assets decreased $27,704 or 8% from fiscal year 2017 to fiscal year 2018. The decrease can be attributed to a decrease of $34,215 or 21% in capital assets from fiscal year 2017 to fiscal year 2018, which represented current year depreciation expense.

Total assets decreased $58,278 or 3% from fiscal year 2016 to fiscal year 2017. Current assets decreased $34,055 or 2% between fiscal year 2016 and fiscal year 2017 mainly due to decreases in accounts receivable and pledges receivable. Accounts receivable includes donations received by the Youngstown State University Foundation (YSUF or the Foundation) in the month of June on behalf of the Station, in accordance with a development service agreement between the University and the Foundation. Pledge balances reflect outstanding balances on Station pledges made prior to the agreement. A $25,000 capital gift was included in accounts receivable at June 30, 2016 and was subsequently paid in July 2016. Fiscal year 2016 included a $30,000 pledge receivable for the Melnick Hall renovation project that was paid in full in November 2016. Noncurrent assets decreased $24,223 or 6% from fiscal year 2016 to fiscal year 2017. This was primarily due to a decrease of $34,215 or 18% in capital assets from fiscal year 2016 to fiscal year 2017, which represented current year depreciation expense. Investments increased $9,992 or 5% between fiscal year 2016 and fiscal year 2017, and was due to a favorable investment environment.

See Notes 2 for additional information on cash and cash equivalents, Note 3 for investments, and Note 4 for capital assets.

Deferred outflows of resources and deferred inflows of resources consist of items relating to pensions and OPEB. Certain elements impacting the change in the net pension/OPEB liabilities 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, net differences between projected and actual earnings of 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.

Deferred outflows of resources decreased $142,923 or 54% from fiscal year 2017 to fiscal year 2018. The decrease was due to a combination of a decrease in the deferred outflows related to pension and an increase in the deferred outflows related to OPEB. Deferred outflows related to pension decreased $167,808 or 63% from fiscal year 2017 to fiscal year 2018 primarily due to a $112,195 decrease in the net difference between projected and actual earnings on pension plan investments and a $57,117 decrease in the amount attributed to changes in assumptions in the OPERS pension plan. Deferred outflows related to OPEB increased $24,885 due to the implementation of GASB 75 in fiscal year 2018. Of this amount, $24,621 was attributed to changes in assumptions.

Deferred inflows of resources increased $142,315 or 756% from fiscal year 2017 to fiscal year 2018. Deferred inflows related to pension increased $117,125 or 622% from fiscal year 2017 to fiscal year 2018 primarily due to a $109,783 increase in the net difference between projected and actual earnings on pension plan investments; whereas deferred inflows related to OPEB increased $25,190 due to the implementation of GASB 75 in fiscal year 2018 and resulted from the net difference between projected and actual earnings on OPEB plan investments.

Deferred outflows of resources increased $62,883 or 31% from fiscal year 2016 to fiscal year 2017. The increase was due to a combination of an increase in the amount attributed to changes in assumptions and a decrease in the amount attributed to the net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources increased $6,633 or 54% from fiscal year 2016 to fiscal year 2017. The increase was due to a combination of an increase in the changes in the proportionate share of contributions and a decrease in the differences between projected and actual experience.

See Note 7 and Note 8 for additional information on pension and OPEB plans.

Total liabilities consisting of accounts payable, payroll liabilities, unearned revenue, compensated absences, net pension liability, and net OPEB liability increased $92,682 or 9% from fiscal year

2017 to fiscal year 2018. The net pension liability decreased $244,971 or 33% from fiscal year 2017 to fiscal year 2018. The net OPEB liability increased $338,157 due to the implementation of GASB 75 in fiscal year 2018.

Total liabilities increased $161,132 or 19% between fiscal year 2016 and fiscal year 2017. This was primarily due to an increase in the net pension liability of $153,015 or 26%. The net pension liability was $748,429 and $595,414 at June 30, 2017 and June 30, 2016, respectively.

See Note 5 for additional information on unearned revenue, Note 6 for compensated absences, Note 7 for net pension liability, and Note 8 for net OPEB liability.

Net position represents the residual interest in the Station's assets after deferred outflows of resources are added, and liabilities and deferred inflows of resources are deducted. The following is a recap of total net position segregating the unrestricted net position relating to the impact of the GASBs 68, 71 and 75.

	June 30, 2018	June 30, 2017	June 30, 2016
Net investment in capital assets	$ 125,483	$ 159,698	$ 193,913
Restricted - nonexpendable	108,153	108,153	108,153
Restricted - expendable	225,242	218,439	351,156
Unrestricted	1,266,496	1,218,836	1,118,299
Total net position without GASBs 68, 71 and 75	1,725,374	1,705,126	1,771,521
GASBs 68 and 71	(542,152)	(502,190)	(405,425)
GASB 75	(338,462)	-	-
Total Net Position	$ 844,760	$ 1,202,936	$ 1,366,096

Overall, the Station's total net position decreased $358,176 or 30% from $1,202,936 at June 30, 2017 to $844,760 at June 30, 2018. This was primarily due to the implementation of GASB 75. Excluding net position attributed to GASBs 68, 71 and 75, net position increased $20,248 or 1% from $1,705,126 at June 30, 2017 to $1,725,374 at June 30, 2018, as a result of excess revenues over expenses. The net investment in capital assets consists of equipment net of accumulated depreciation. The $34,215 or 21% decrease from fiscal year 2017 to fiscal year 2018 was due to current year depreciation expense. Restricted nonexpendable net position consists primarily of endowment funds held by the University. Changes in this category are driven by additions or deductions to the endowment corpus. During fiscal year 2018, there were no changes. Restricted expendable net position is subject to externally imposed restrictions governing their use. Changes in this category are due to the timing of revenues and expenses in funds provided by donors and grantors. Unrestricted net position is not subject to externally imposed restrictions and is designated for future operations. Unrestricted net position increased $47,660 or 4% from fiscal year 2017 to fiscal year 2018 due to excess underwriting revenue over expenses and net proceeds from the Mad About the Arts event.

Overall, the Station's total net position decreased $163,160 or 12% from $1,366,096 at June 30, 2016 to $1,202,936 at June 30, 2017. This resulted from excess expenses over revenues.

Excluding net position attributed to GASBs 68 and 71, net position decreased $66,395 or 4% from $1,771,521 at June 30 2016 to $1,705,126 at June 30, 2017. The $34,215 or 18% decrease in net investment in capital assets from fiscal year 2016 to fiscal year 2017 was due to depreciation expense. Restricted nonexpendable net position remained unchanged from fiscal year 2016 to fiscal year 2017. The decrease of $132,717 or 38% in restricted expendable net position was due to a combination of $172,222 spent for building improvements for the Melnick Hall renovation project and capital donations of $25,020 related to the project. The $100,537 or 9% increase in unrestricted net position was primarily due to excess of membership and underwriting revenue over expenses.

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 eTech Ohio Commission. 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, 2018	June 30, 2017	June 30, 2016
Total Operating Revenues	$ 438,829	$ 410,365	$ 426,299
Total Operating Expenses	1,538,102	1,637,519	1,939,707
Operating Loss	(1,099,273)	(1,227,154)	(1,513,408)
Net Nonoperating Revenues	1,043,102	1,038,974	1,033,008
Loss Before Other Revenue, Expenses, and Changes	(56,171)	(188,180)	(480,400)
Total Other Revenue, Expenses, and Changes	12,520	25,020	87,600
Change in Net Position	(43,651)	(163,160)	(392,800)
Net Position at Beginning of the Year, originally stated	1,202,936	1,366,096	1,758,896
Cumulative effect of GASB 75 implementation	(314,525)	-	-
Net Position at End of the Year	$ 844,760	$ 1,202,936	$ 1,366,096

The Station's total operating revenues increased $28,464 or 7% from fiscal year 2017 to fiscal year 2018. In-kind contributions increased $24,270 or 18% mainly due to an increase in in-kind support from the BEMC. In addition, underwriting revenue increased $3,495 or 3% between fiscal year 2017 and fiscal year 2018 due to a strong underwriter renewal rate.

Overall, the Station's total operating revenue decreased $15,934 or 4% between fiscal year 2016 and fiscal year 2017. The revenue earned from the annual CPB grant during fiscal year 2017 was $13,872 or 10% less than the revenue earned during the fiscal year 2016. In-kind contributions decreased $11,411 or 8% due to a decrease in in-kind support from the BEMC and a decrease in the spring and fall grand prize trip values for fiscal year 2017 compared to fiscal year 2016. Offsetting these decreases was an increase in underwriting revenue, which increased $10,274 or 10% from fiscal year 2016 to fiscal year 2017. The increase in underwriting revenue was primarily due to a continued strong renewal rate of underwriters and an increase in lower level underwriters.

The following is a recap of total operating expenses with the impact of the GASBs 68, 71 and 75 pension expense accruals segregated.

	June 30, 2018	June 30, 2017	June 30, 2016
Program Services	$ 824,119	$ 745,186	$ 924,260
Support Services	650,084	795,568	980,422
Operating Expenses without GASBs 68, 71 and 75 accruals	1,474,203	1,540,754	1,904,682
GASBs 68 and 71 pension expense accruals	39,962	96,765	35,025
GASB 75 OPEB expense accrual	23,937	-	-
Total Operating Expenses	$ 1,538,102	$ 1,637,519	$ 1,939,707

Excluding the impact of GASBs 68, 71 and 75, total operating expenses decreased $66,551 or 4% from fiscal year 2017 to fiscal year 2018. Program services increased $78,933 or 11% primarily due to an increase in radio programming fees to support changes in the Station's programming format to expand its listening audience. Support services decreased $145,484 or 18% due to the prior year including expenses relating to building improvements for the Melnick Hall project, which are reflected in the University's capital assets. The project was completed in fiscal year 2017.

Excluding the impact of GASBs 68 and 71, total operating expenses decreased $363,928 or 19% between fiscal year 2016 and fiscal year 2017. Program services decreased $179,074 or 19% due to programming and production expenses and broadcasting expenses related to the Melnick Hall renovation project in fiscal year 2016 that were not incurred in fiscal year 2017. Support services decreased $184,854 or 19% primarily due to a decrease in spending of restricted donations on building improvements for the Melnick Hall project, which are reflected in the University's capital assets. The amounts expended were $172,222 in fiscal year 2017 compared to $385,778 in fiscal year 2016.

Total net nonoperating revenues remained relatively flat from fiscal year 2017 to fiscal year 2018, with a $4,128 or 0.4% increase. Donated facilities and administrative support from the University increased $8,859 or 5% due to an increase in the proportionate share of institutional support benefiting the Station. Overall membership income, consisting of revenue derived from fall and spring fund drives as well as general donations and matching gifts, decreased $8,098 or 3%. The overall decrease was due to a combination of a slight increase in membership income derived from the fall and spring fund drives from fiscal year 2017 to fiscal year 2018, and a decrease due to fiscal 2017 including an additional one day fund drive that raised nearly $11,000.

Total net nonoperating revenues remained relatively flat from fiscal year 2016 to fiscal year 2017, with a $5,966 or 1% increase. The general appropriation from the University increased $10,803 or 2%, primarily due to an increase in the number of student workers. Donated facilities and administrative support from the University increased $11,051 or 6% due to an increase in the occupancy valuation of the Station's space, related to the move to a larger space in Melnick Hall in February 2016. Membership income decreased $19,119 or 7% as the result of a decrease in the number of members and a decrease in the average donation per member. Investment gain increased $8,211 or 77% primarily due to a favorable investment environment.

Other revenues, expenses and changes consist of capital gifts. Capital gifts decreased $12,500 or 50% from fiscal year 2017 to fiscal year 2018. The Station received a final gift of $12,500 during fiscal year 2018 for the capital campaign for the Melnick Hall renovation project. Between fiscal year 2016 and fiscal year 2017, capital gifts decreased $62,580 or 71%. The decreases in capital gifts were mainly due to fewer gifts received as the result of substantial completion of the Melnick Hall renovation project during fiscal year 2016.

Economic Factors for the Future

WYSU-FM is one of Youngstown State University's most visible campus and community entities, reaching thousands of listeners each day in eight counties in Ohio and three in Pennsylvania. WYSU has more than 30,000 weekly listeners who spend approximately 12 million hours annually listening to the Station. WYSU also reaches many other listeners and former members of the local community throughout the country and around the world through its streaming services and smart phone applications. WYSU provides all of them a direct, personal connection to the University and also offers them numerous lifelong learning and personal development opportunities through the Station's fine arts, news, and information programming.

Fiscal year 2018 was a productive year for WYSU. The Station successfully made significant program changes in highly listened to dayparts, connected to the community with numerous outreach activities, refined community support practices, and made major technological improvements. During fiscal year 2018 and into the future, the Station continues to seek opportunities to grow its audience. An emphasis was placed on program formats that were more insightful, investigatory, creatively constructed, and attractive to younger listeners. As streaming usage continues to rise, the Station implemented an HLS streaming service to serve listeners who use Apple Music. WYSU reached a milestone of synchronizing over 1,000 recorded works between its jazz automation and library databases, enabling the Station to use MusicMaster to assist in the creation of jazz playlists. In addition, the Station continues to work closely with Public Media Apps to prepare for a rollout of a significant update to the WYSU Mobile app, which will feature a cleaner design, improved metadata delivery, and the ability to program underwriting and pledge campaigns within the app.

Management's Discussion and Analysis (cont.)

Membership and underwriting, WYSU's two streams of public support, continue to be a crucial element in the Station's future. While the membership revenue for the Station's fall and spring fund drives have steadily increased since 2016, the total donor numbers have decreased, particularly in the number of new donors. The Station continues to look for better ways to retain donors as well as attract new ones. Fundraising strategies that will be investigated include: a perpetual sustaining donor program, the expansion and enhancement of the Station's vehicle donation and Amazon store programs, text-to-give programs, targeted neighborhood canvasing, and online fundraising. Underwriting support increased from fiscal year 2017 to fiscal year 2018, and management is confident that underwriting support will grow in fiscal year 2019 and beyond.

Statements of Net Position at June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,645,015	$ 1,595,906
Interest receivable	173	276
Accounts receivable (net of allowance of $589 in 2018 and $1,697 in 2017)	12,282	14,987
Pledges receivable (net of allowance of $2,773 in 2018 and $2,347 in 2017)	11,831	10,916
Prepaid expenses	232	-
Total Current Assets	1,669,533	1,622,085
Noncurrent Assets		
Restricted investments	205,309	198,798
Capital assets, net	125,483	159,698
Total Noncurrent Assets	330,792	358,496
Total Assets	2,000,325	1,980,581
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	97,249	265,057
Deferred outflows related to OPEB	24,885	-
Total Deferred Outflows of Resources	122,134	265,057
LIABILITIES		
Current Liabilities		
Accounts payable	4,543	5,860
Payroll liabilities	17,633	6,528
Unearned revenue	146,482	149,604
Compensated absences	7,002	7,828
Total Current Liabilities	175,660	169,820
Noncurrent Liabilities		
Compensated absences	99,291	105,635
Net pension liability	503,458	748,429
Net OPEB liability	338,157	-
Total Noncurrent Liabilities	940,906	854,064
Total Liabilities	1,116,566	1,023,884
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	135,943	18,818
Deferred inflows related to OPEB	25,190	-
Total Deferred Inflows of Resources	161,133	18,818
NET POSITION		
Net investment in capital assets	125,483	159,698
Restricted, nonexpendable	108,153	108,153
Restricted, expendable	225,242	218,439
Unrestricted	385,882	716,646
Total Net Position	$ 844,760	$ 1,202,936

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	$ 133,374	$ 131,649
In-kind contributions	160,178	135,908
Broadcast Education Media Commission grant	33,198	34,224
Underwriting revenue	112,079	108,584
Total Operating Revenues	438,829	410,365
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	518,856	451,378
Broadcasting	255,674	258,509
Program information	62,755	73,550
Traffic and continuity	16,627	8,051
Support Services		
Management and general	326,036	485,819
Fund raising and membership development	89,615	85,381
Underwriting	124,888	127,338
Clerical	109,436	113,278
Depreciation	34,215	34,215
Total Operating Expenses	1,538,102	1,637,519
Operating Loss	(1,099,273)	(1,227,154)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	559,437	548,383
Donated facilities and administrative support from the University	201,239	192,380
Membership revenue	259,020	267,118
Net revenues from fund raising (net of expenses of $13,940 in 2018 and $9,516 in 2017)	7,943	12,277
Investment income, net of investment expense	15,463	18,816
Net Nonoperating Revenues	1,043,102	1,038,974
Loss Before Other Revenues, Expenses, and Changes	(56,171)	(188,180)
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital gifts	12,520	25,020
Total Other Revenues, Expenses, and Changes	12,520	25,020
Change in Net Position	(43,651)	(163,160)
NET POSITION		
Net Position at Beginning of the Year, originally stated	1,202,936	1,366,096
Cumulative effect of GASB 75 implementation	(314,525)	-
Net Position at End of the Year	$ 844,760	$ 1,202,936

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
Cash Flows from Operating Activities		
Corporation for Public Broadcasting grant	$ 130,459	$ 133,374
Broadcast Educational Media Commission grant	33,198	34,224
Underwriting support	113,425	123,495
Payments to suppliers	(400,839)	(523,374)
Payments to employees	(495,056)	(485,902)
Payments for benefits	(180,058)	(163,566)
Total Cash Flows Used in Operating Activities	(798,871)	(881,749)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	559,437	548,383
Membership receipts	259,024	301,649
Fundraising receipts	21,884	21,792
Payments for fundraising	(13,941)	(9,516)
Total Cash Flows Provided by Noncapital Financing Activities	826,404	862,308
Cash Flows from Investing Activities		
Interest on investments	15,567	18,850
(Purchase) sale of investments	(6,511)	(9,992)
Total Cash Flows Provided by Investing Activities	9,056	8,858
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	12,520	25,020
Total Cash Flows Provided by Capital and Related Financing Activities	12,520	25,020
Change in Cash and Cash Equivalents	49,109	14,437
Cash and Cash Equivalents, Beginning of Year	1,595,906	1,581,469
Cash and Cash Equivalents, End of Year	$ 1,645,015	$ 1,595,906
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (1,099,273)	$ (1,227,154)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	34,215	34,215
Donated facilities and administrative support from the University	201,239	192,380
Changes in assets and liabilities:		
Accounts receivable, net	1,785	13,928
Prepaid expenses	(232)	-
Accounts payable, payroll liabilities, compensated absences, and unearned revenue	(504)	8,117
Net pension liability	(244,971)	153,015
Net OPEB liability	23,632	-
Deferred outflows related to pension	167,808	(62,883)
Deferred outflows related to OPEB	(24,885)	-
Deferred inflows related to pension	117,125	6,633
Deferred inflows related to OPEB	25,190	-
Net Cash Flows Used in Operating Activities	$ (798,871)	$ (881,749)

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, 2018 and 2017, 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).

As required by the GASB, 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, 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, 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 for goods or services.

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 **-** 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 95 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. The University's endowment spending policy states that 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 and amounts due from private sources in connection with reimbursement of allowable expenses under the applicable Station grants and contracts. Also included are gifts received by the YSU Foundation in the month of June on behalf of the Station, in accordance with a development services agreement between the University and the Foundation. 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. The University entered into a development services agreement with the Foundation. As part of the agreement, new pledges are recorded by the Foundation and payments on Station pledges are collected by the Foundation and remitted to the Station on a monthly basis.

Capital Assets **-** Capital assets are comprised of equipment and stated at cost or acquisition 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 and sick leave benefits are 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 and inflows of resources in the Station's financial statements relate to the Ohio Public Employees Retirement System (OPERS) pension/OPEB plan.

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

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 amounts reported in the financial statements and disclosures in the notes to financial statements. Actual results could differ from these estimates.

Adoption of New Accounting Pronouncements – In fiscal year 2018, the provisions of the following GASB Statements became effective:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* issued June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

- GASB Statement No. 85, *Omnibus 2017*, issued March 2017. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt.

Newly Issued Accounting Pronouncements – As of the report date, the GASB issued the following statements not yet implemented by the Station:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations.

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

- GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

- GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, issued August 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The Station has not yet determined the effect these Statements will have on the Station's financial statements and disclosures.

Adoption of Accounting Principle – The effect of the Station's adoption of GASB Statement No. 75 was a restatement of deferred outflows, deferred inflows, and net liability relating to OPEB at July 1, 2017. Previously, OPEB expense was reported equal to the amount remitted as statutory contributions. Information describing the retirement plans, contribution rates, and where to find information about the plans are included in the Notes to the Financial Statements. With the adoption of GASB 75, the Station is required to report a proportionate share of the retirement system's net OPEB liability (or unfunded liability) and other activity, including OPEB expense on the Station's financial statements and also to provide disclosures in the Notes to the Financial Statements (See Note 8 Other Post-Employment Benefits). This standard only impacts financial reporting and does not affect the amount the Station is required to fund under Ohio law. Under Ohio law, employers are not required to pay more than the current statutory contribution.

The effect of this change resulted in a net decrease in net position of the Station at July 1, 2017 of $314,525. The Station did not retroactively implement this statement as of July 1, 2016 because it was not deemed practical. The OPEB plans in which the Station participates did not have the information readily available. Therefore, certain disclosures required under previous GASB statements are disclosed for fiscal year 2016.

Reclassification – Certain reclassifications have been made to the fiscal year 2017 amounts to conform with the fiscal year 2018 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.

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, 2018 and June 30, 2017 consisted of the following:

	2018	2017
Carrying Amount (Cash and cash equivalents)	$ 24,301,741	$ 20,347,943
FDIC Insured	$ 3,250,000	$ 5,792,147
Uninsured but collateralized by pools of securities pledged by the depository banks	1,718,276	4,059,773
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	9,696,643	11,784,788
Bank Balance	$ 14,664,919	$ 21,636,708

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks, including a $10,610,139 transfer from the Star Plus account to the Star Ohio account. Deposits held in safekeeping by a bank, as trustee or escrow agent, included in cash totaled $24,870 at June 30, 2018 and $2,392,415 at June 30, 2017, which approximates market. These deposits, including interest on the investments, are retained in the trust for projects funded by bond proceeds and payment of principal and interest on outstanding indebtedness. The University's Star Plus account deposits are federally insured and totaled $2,500,000 at June 30, 2018 and $5,042,147 at June 30, 2017.

The Station's cash and cash equivalents are included in these totals and were $1,627,382 and $1,589,378 at June 30, 2018 and June 30, 2017, 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, 2018 and June 30, 2017, 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 non-endowed and 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. University endowment investments were $9,369,313 as of June 30, 2018 and $9,184,939 as of June 30, 2017. The Station's restricted investments represent WYSU-FM's endowment fund, which includes endowment corpus and undistributed investment earnings. Investment income is allocated to the Station's endowment fund on a monthly basis based on the value of WYSU-FM's endowment fund in relation to the total value of the University's endowments. The fair value of the Station's endowment investments were $205,309 as of June 30, 2018 and $198,798 as of June 30, 2017.

The Station'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. Level 2 inputs are valued using a matrix pricing model.

As of June 30, 2018, the Station had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ -	$ -	$ -	$ -
Corporate Bonds	-	25,048	-	25,048
U.S. Government Bonds	-	12,729	-	12,729
Bond Mutual Funds	3,285	-	-	3,285
Preferred Stock	-	6,775	-	6,775
Common Stock	133,861	-	-	133,861
Equity Mutual Funds	23,611	-	-	23,611
Totals	$ 160,757	$ 44,552	$ -	$ 205,309

As of June 30, 2017, the Station had the following investments measured at fair value:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ -	$ -	$ -	$ -
Corporate Bonds	-	15,507	-	15,507
U.S. Government Bonds	-	13,518	-	13,518
Bond Mutual Funds	3,380	-	-	3,380
Preferred Stock	-	12,524	-	12,524
Common Stock	133,592	-	-	133,592
Equity Mutual Funds	20,277	-	-	20,277
Totals	$ 157,249	$ 41,549	$ -	$ 198,798

As of June 30, 2018, 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	$ 25,048	$ 4,312	$ 15,193	$ 5,543	$ -
U.S. Government Bonds	12,729	6,159	6,570	-	-
Bond Mutual Funds	3,285	3,285	-	-	-
Preferred Stock	6,775	6,775	-	-	-
Common Stock	133,861	133,861	-	-	-
Equity Mutual Funds	23,611	23,611	-	-	-
Totals	$ 205,309	$ 178,003	$ 21,763	$ 5,543	$ -

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

As of June 30, 2017, 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	$ 15,507	$ 994	$ 11,133	$ 3,380	$ -
U.S. Government Bonds	13,518	-	13,518	-	-
Bond Mutual Funds	3,380	3,380	-	-	-
Preferred Stock	12,524	12,524	-	-	-
Common Stock	133,592	133,592	-	-	-
Equity Mutual Funds	20,277	20,277	-	-	-
Totals	$ 198,798	$ 170,767	$ 24,651	$ 3,380	$ -

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

As of June 30, 2018, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 25,048	$ 5,569	$ 10,866	$ 8,613	$ -	$ -
U.S. Government Bonds	12,729	-	12,729	-	-	-
Bond Mutual Funds	3,285	844	604	469	1,211	157
Totals	$ 41,062	$ 6,413	$ 24,199	$ 9,082	$ 1,211	$ 157

As of June 30, 2017, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	$ 15,507	$ -	$ 11,065	$ 3,332	$ 1,110	$ -
U.S. Government Bonds	13,518	-	13,518	-	-	-
Bond Mutual Funds	3,380	731	757	429	1,284	179
Totals	$ 32,405	$ 731	$ 25,340	$ 3,761	$ 2,394	$ 179

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 548,857	$ -	$ -	$ 548,857
Studio and broadcast equipment	269,421	-	-	269,421
Total cost	818,278	-	-	818,278
Less: Accumulated depreciation	658,580	34,215	-	692,795
Capital assets, net	$ 159,698	$ (34,215)	$ -	$ 125,483

Capital assets activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	$ 548,857	$ -	$ -	$ 548,857
Studio and broadcast equipment	269,421	-	-	269,421
Total cost	818,278	-	-	818,278
Less: Accumulated depreciation	624,365	34,215	-	658,580
Capital assets, net	$ 193,913	$ (34,215)	$ -	$ 159,698

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2018 and June 30, 2017 consisted of the following:

	2018	2017
Corporation for Public Broadcasting grant	$ 130,459	$ 133,374
Underwriting agreements	16,023	16,230
Total unearned revenue	$ 146,482	$ 149,604

Note 6 – Compensated Absences

Compensated Absences at June 30, 2018 and June 30, 2017 were as follows:

	2018	2017
Beginning Balance	$ 113,463	$ 112,340
Additions	-	1,123
Reductions	7,170	-
Ending Balance	106,293	113,463
Less: current portion	7,002	7,828
Compensated Absences, noncurrent portion	$ 99,291	$ 105,635

Note 7 – Retirement Plan

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 the 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 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.

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. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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 for 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. Employer contributions and associated investment earnings vest over a five year period at the rate of 20% each year. 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 cost-of-living adjustment is provided on the member's base benefit and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their benefit. The cost-of-living adjustment varies somewhat, but is generally defined as the Consumer Price Index not to exceed 3%. A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and the Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Contributions

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, 2018 and June 30, 2017, the employee contribution rate was 10% and the employer contribution rate was 14%. The Station's contributions to OPERS were $66,396, $64,328, and $65,109 for the fiscal years ended June 30, 2018, 2017, and 2016, respectively. There were no contributions made to the ARP for the fiscal years ended June 30, 2018, 2017 and 2016. 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, 2018 and June 30, 2017, the Station reported a liability of $503,458 and $748,429, respectively for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2017 and December 31, 2016 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 0.003238% and 0.003304% for 2018 and 2017, respectively.

Total pension expense for the years ended June 30, 2018 and June 30, 2017, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, was $103,890 and $154,034, respectively. Pension expense is allocated to the Station's functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

At June 30, 2018 and June 30, 2017, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 847	$ 11,432	$ 1,345	$ 5,593
Net difference between projected and actual earnings on pension plan investments	-	109,783	112,195	-
Change in assumptions	62,350	1,245	119,467	-
Change in proportionate share of contributions	101	13,483	76	13,225
Station contributions subsequent to the measurement date	33,951	-	31,974	-
Totals	$ 97,249	$ 135,943	$ 265,057	$ 18,818

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
2019	$	37,388
2020		(14,368)
2021		(50,056)
2022		(45,379)
2023		(91)
Thereafter		(139)
Totals	$	(72,645)

Actuarial Assumptions

The total pension liability is based on the results of actuarial valuations and determined using the following actuarial assumptions applied to all periods included in the measurement:

	Actuarial Assumptions as of 12/31/17	Actuarial Assumptions as of 12/31/16
Acuarial cost method	Individual entry age	Individual entry age
Cost of living	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Salary increases, including inflation	3.25%-10.75%	3.25%-10.75%
Inflation	3.25%	3.25%
Investment rate of return	7.5%	7.5%
Experience study date	Period of 5 years ended December 2015	Period of 5 years ended December 2015
Mortality basis	RP-2014 combined mortality table	RP-2014 combined mortality table projected 20 years using Projection Scale AA

Discount rate

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018 and June 30, 2017. 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 rate of return is arithmetic and 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 allocation of investment assets within the OPERS portfolio is approved by the Board as outlined in the annual investment plan.

The target allocation and expected real rates of return for each major asset class are summarized as follows:

	As of 12/31/17		As of 12/31/16	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	2.20%	23.0%	2.75%
Domestic equity	19.0%	6.37%	20.7%	6.34%
International equity	20.0%	7.88%	18.3%	7.95%
Real estate	10.0%	5.26%	10.0%	4.75%
Private equity	10.0%	8.97%	10.0%	8.97%
Other	18.0%	5.26%	18.0%	4.92%
Totals	100.0%		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		
2018	6.50%	$	899	7.50%	$	503	8.50%	$	173
2017	6.50%	$	1,146	7.50%	$	748	8.50%	$	417

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 $11,248 and $5,465 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2018 and June 30, 2017, respectively.

<u>Note 8 – Other Post-Employment Benefits (OPEB)</u>

The Ohio Revised Code provides the statutory authority for public employers to fund post-retirement health care through their contributions to OPERS.

The net OPEB liability reported on the Statement of Net Position represents a liability to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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 OPEB are financed; however, the Station does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because the employer benefits from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed participants in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code. The OPERS report can be obtained at https://www.opers.org/financial/reports.shtml.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017 and 2.0% during calendar years 2016 and 2015. The portion of employer contributions allocated to health care decreased to 0.0% for calendar year 2018. The portion of the Station's calendar year 2017, 2016 and 2015 contributions to OPERS used to fund post-retirement benefits was $4,947, $9,330, and $8,941, respectively.

As recommended by OPERS actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Station reported a liability of $338,157 for its proportional share of the net OPEB liability of OPERS. The net OPEB liability was measured as of December 31, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The Station's proportion of the net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all participating reporting units. The Station's proportionate share was 0.003114%.

Total OPEB expense for the years ended June 30, 2018 including employer contributions and accruals associated with recognition of net OPEB liabilities and related deferrals was $26,405. OPEB expense is allocated to institutional functions on the Statement of Revenues, Expenses, and Changes in Net Position.

At June 30, 2018, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 263	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	25,190
Changes in assumptions	24,622	-
Change in proportionate share of contributions	-	-
University contributions subsequent to the measurement date	-	-
Totals	$ 24,885	$ 25,190

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2019	$ (3,590)
2020	(3,590)
2021	(3,590)
2022	(3,588)
2023	2,708
Thereafter	11,345
Totals	$ (305)

Actuarial Assumptions

For the June 30, 2018 financial statements, the total OPEB liability is based on the results of actuarial valuations and determined using the following actuarial assumptions applied to all periods included in the measurement:

	OPERS as of 12/31/17
Acuarial cost method	Individual entry age
Salary increases, including inflation	3.25%-10.75%
Inflation	3.25%
Investment rate of return	6.50%
Single discount rate	3.85%
Municipal bond rate	3.31%
Health care cost trends	7.5% initial, 3.25% ultimate in 2028
Experience study date	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 combined mortality table

Discount rate

The discount rate used to measure the total OPEB liability was 3.85% at June 30, 2018. A single discount rate of 3.85% represents the long-term expected rate of return of 65% for the funded benefit payments and the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating of 3.31% for the unfunded benefit payments. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date. The rate of return is arithmetic and determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target allocation.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board as outlined in the annual investment plan.

The target allocation and expected real rates of return for each major asset class are summarized as follows:

OPERS as of 12/31/17		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	34.0%	1.88%
Domestic equity	21.0%	6.37%
REITs	6.0%	5.91%
International equity	22.0%	7.88%
Other	17.0%	5.39%
Totals	100.0%	

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

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

June 30, 2018 ($ in thousands)									
Plan	1% Decrease			Current Discount Rate			1% Increase		
OPERS	2.85%	$	449	3.85%	$	338	4.85%	$	248
Plan	1% Decrease			Current Trend Rate			1% Increase		
OPERS		$	323		$	338		$	353

OPEB plan fiduciary net position

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

Payable to the OPEB Plan

The Station reported no amounts payable for outstanding contributions to the OPEB plan required for the year ended June 30, 2018.

<u>Note 9 - Related Party</u>

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 received on a monthly basis.

The operations of WYSU-FM are supported by general appropriations from the University. The University's support allocation totaled $559,437 and $548,383 in direct support for fiscal years 2018 and 2017, respectively, and $201,239 and $192,380 in indirect administrative support and donated facilities. During fiscal years 2018 and 2017, respectively, WYSU-FM expended restricted donations of $0 and $172,222 on the portion of the Melnick Hall renovation project attributed to the Station, which is reflected in the University's capital assets.

Note 10 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Station's Proportionate Share of the Net Pension Liability
Plan Years Ended 2014 to 2017

Plan Year	Station's proportion of the net pension liability (asset)	Station's proportionate share of the net pension liability (asset)	Station's covered payroll	Station's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Ohio Public Employees Retirement System (OPERS)					
2018	0.003238%	$ 503,458	$ 464,796	108.32%	81.00%
2017	0.003304%	$ 748,429	$ 461,655	162.12%	80.00%
2016	0.003450%	$ 595,414	$ 462,132	128.84%	85.00%
2015	0.003470%	$ 416,913	$ 445,112	93.66%	84.00%

The plan year ends on December 31.

Schedule of the Station's Pension Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	Station's covered payroll	Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
Ohio Public Employees Retirement System (OPERS)					
2018	$ 63,928	$ 63,928	$ -	$ 474,256	13.48%
2017	$ 57,269	$ 57,269	$ -	$ 459,488	12.47%
2016	$ 55,912	$ 55,912	$ -	$ 465,061	12.02%
2015	$ 55,579	$ 55,579	$ -	$ 461,406	12.05%

Schedule of the Station's Proportionate Share of the Net OPEB Liability Plan Year Ended 2017

Plan Year	Station's proportion of the net OPEB liability (asset)	Station's proportionate share of the net OPEB liability (asset)	Station's covered payroll	Station's proportionate share of the collective net OPEB liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
Ohio Public Employees Retirement System (OPERS)					
2017	0.003114%	$ 338,157	$ 464,796	72.76%	60.70%

The plan year ends on December 31.

Schedule of the Station's OPEB Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	Station's covered payroll	Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
Ohio Public Employees Retirement System (OPERS)					
2018	$ 2,468	$ 2,468	$ -	$ 474,256	0.04%

Supplementary Information

Schedule of Nonfederal Financial Support for the Year Ended June 30, 2018

Direct Income	$	988,441
Indirect Administrative Support		201,239
In-Kind Contributions of Services and Other Assets		147,122
Total Nonfederal Financial Support	$	1,336,802

Youngstown State University