WKSU Radio Station
(a public telecommunications entity operated by Kent State University)

Financial Report

June 30, 2017

Dave Yost • Auditor of State

Board of Trustees
WKSU Radio Station
224 Michael Schwartz Center
P.O. Box 5190
Kent, Ohio 44242

We have reviewed the *Independent Auditor's Report* of the WKSU Radio Station, Portage County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The WKSU Radio Station is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 11, 2018

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Independent Auditor's Report

To the Board of Trustees
WKSU Radio Station

Report on the Financial Statements

We have audited the accompanying financial statements of WKSU Radio Station (WKSU or the "Station"), a public telecommunications entity operated by Kent State University, as of and for the years ended June 30, 2017 and 2016, which comprise the statement of net position and the related statements of revenue, expenses, and changes in net position and cash flows, and the related notes to the financial statements, which collectively comprise WKSU Radio 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 and in accordance with with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WKSU Radio Station as of June 30, 2017 and 2016 and the respective changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Trustees
WKSU Radio Station

Emphasis of Matter

We draw attention to Note 2, which explains that the financial statements of WKSU are intended to present the net position, changes in net position, and cash flows of only that portion of Kent State University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Kent State University as of June 30, 2017 and 2016 or the changes in its net position or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the schedule of proportionate share of the net pension liability and the schedule of contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017 on our consideration of WKSU Radio Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WKSU Radio Station's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 11, 2017

Introduction

The following discussion and analysis provides an overview of the financial position, activities, and cash flows of public radio station WKSU-FM (WKSU or the "Station"), which is licensed to Kent State University, as of and for the year ended June 30, 2017.

This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

WKSU-FM, which serves all or part of 22 counties in northeast Ohio, has the largest FM radio signal footprint in the region. Notable cities covered by WKSU's signal include Cleveland, Akron, Kent, and Canton, with seven transmission sites:

- 89.1 WKSV Thompson
- 89.3 WKRW Wooster
- 89.7 WKSU Kent (main signal)
- 90.7 WNRK Norwalk
- 91.5 WKRJ New Philadelphia
- 94.7 W234CX Mansfield
- 95.7 W239AZ Ashland

WKSU went on the air on October 2, 1950 and broadcasts from its main broadcast center, located on the Kent campus of Kent State University in Kent, Ohio.

In August 2013, WKSU's primary program service underwent a strategic program change designed to emphasize news and information programming and reach a wider audience. The WKSU analog broadcast stations provide a primetime of news and information programming, including National Public Radio's (NPR) highly acclaimed news programs *Morning Edition* and *All Things Considered* and other public radio shows, such as *A Prairie Home Companion* and *This American Life*. The stations also offer classical music in the evenings and all through the night. The WKSU stations operate 24 hours a day throughout the year.

The WKSU stations also broadcast multi-channel digital HD Radio services. HD Channel 1 contains WKSU's primary news and music format, HD Channel 2 presents a hosted, all-folk music format from the popular FolkAlley.com, HD Channel 3 presents all classical music, and HD Channel 4 offers news and information exclusively.

In addition, WKSU provides an online streaming audio service. Through www.wksu.org, listeners have access to the programming featured on all four of WKSU's HD Radio channels. WKSU's award-winning website also presents in-depth international news and regional news from WKSU's distinguished news department. The same online services are available via WKSU's app for users of smartphones and tablet computers.

From FolkAlley.com, an online folk, roots, and Americana music service created by WKSU in 2003, listeners throughout the U.S. and around the world enjoy a portal of discovery into the freshest sounds in the genre today. The service features an expertly curated and hosted 24-7 music channel, together with various unhosted side channels, including: Fresh Cuts, a stream of the latest new releases; Irish/Celtic music; and other topical, seasonal, and holiday music streams. Via the FolkAlley.com website and mobile app, visitors further experience exclusive in-studio video sessions (Folk Alley Sessions) and other on-demand content such as album reviews and premieres of the latest releases, artist Q & As, Guest DJ hours, and Folk Alley's weekly, two-hour syndicated radio show, currently carried in 50 markets in the U.S.

Thanks to WKSU's ongoing *Sound of the Future* fundraising campaign, WKSU has converted all of its transmission sites to digital technology. The *Sound of the Future* fundraising capital campaign is now focused on expanding WKSU's news gathering capacity by upgrading the primary newsroom and replacing outdated analog equipment with equipment that utilizes the latest in digital technologies.

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of WKSU Radio Station, which is owned and operated by Kent State University (the "University"). The report consists of three basic financial statements that provide information on the radio station: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 14 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion and analysis are intended to provide readers with an overview of the financial statements.

Noteworthy Financial Activity

In fiscal year 2017, the Station has implemented a strategy to move away from monthly pledges to sustainer gifts. Sustainer gifts are continuing monthly gifts that many public radio stations around the country have implemented in order to create an increased steady revenue stream. In the last 12 months, WKSU's pledge receivables have declined as the sustainer program has been implemented. Under the sustainer gift model, revenue is recognized when the gift is received.

In 2016, the Station implemented GASB 72, *Fair Value Measurements of Application.* GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

In fiscal year 2015, the Station implemented GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* These statements require governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with these statements, the Station recorded its allocated share of the University's net pension liability of $627,769 as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014. The Station's net pension liability as of June 30, 2017 was $1,288,325, as of June 30, 2016 was $997,598, and as of June 30, 2015 was $696,525.

The Statement of Net Position

A summarized comparison of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2017, 2016, and 2015 is as follows:

	2017	2016	2015
Assets and Deferred Outflows			
Current Assets	$ 402,324	$ 398,406	$ 292,368
Temporarily Restricted Cash	380,142	313,331	383,034
Investments	1,289,256	1,188,162	1,285,315
Noncurrent Assets	-	9,662	7,808
Capital Assets - Net of depreciation	1,851,608	2,176,611	2,435,752
Total assets	3,923,330	4,086,172	4,404,277
Deferred Outflows of Resources	460,390	340,861	94,666
Total Deferred Outflows and Assets	**$ 4,383,720**	**$ 4,427,033**	**$ 4,498,943**
Liabilities, Deferred Inflows, and Net Position			
Current Liabilities	$ 628,944	$ 437,520	$ 561,556
Noncurrent Liabilities			
Net pension liability	1,288,325	997,598	696,525
Capital lease obligation	10,801	18,038	24,944
Total liabilities	1,928,070	1,453,156	1,283,025
Deferred Inflows of Resources	17,663	20,236	12,955
Net Position			
Invested in capital assets	1,833,570	2,151,667	2,403,602
Unrestricted	(799,009)	(480,948)	(648,827)
Restricted - Expendable	1,388,191	1,267,687	1,432,953
Restricted - Nonexpendable	15,235	15,235	15,235
Total net position	2,437,987	2,953,641	3,202,963
Total Deferred Inflows, Liabilities, and Net Position	**$ 4,383,720**	**$ 4,427,033**	**$ 4,498,943**

The statement of net position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector institutions. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is net position, which is one way to measure the current financial activities of the Station. Unrestricted net position decreased by $318,061 due primarily to increases in GASB 68 pension expense of $168,625 and a one-time expense related to a university employee separation plan (UESP) buy-out expense. Eligible employees were offered an option to separate in order to decrease future overall university expenses effective June 30, 2017. The UESP expenses related to WKSU were $217,015. Also, there were decreases of net investment in capital assets by $318,097 due primarily to $323,459 in depreciation. Restricted net position increased by $120,504. Total fiscal year 2017 net position decreased $515,654 from fiscal year 2016. Total net position decreased $249,322 from fiscal year 2015 to fiscal year 2016.

Total assets decreased $162,842 from fiscal year 2016 to fiscal 2017. This is primarily due to the decrease of capital assets net depreciation of $325,003, or 14.9 percent; this is offset by investments increasing $101,094, or 8.5 percent. Total assets decreased $318,105 from fiscal year 2015 to fiscal year 2016; this was due to investments decreasing $97,153, or 7.6 percent, and decreases in capital assets of $259,141, or 10.6 percent.

Deferred outflows of resources increased by $119,529, or 35.1 percent, for fiscal year 2017 and deferred outflows of resources increased by $246,195, or 260.1 percent, for fiscal year 2016 as a result of GASB 68.

Total liabilities increased $474,914 in fiscal year 2017 due to the increase of net pension liability by $290,727, or 29.1 percent, and to university employee separation plan (UESP) expense of $217,015 partially offset by the decrease of unearned revenue $40,419, or 47.3 percent. Total liabilities increased $170,131 in fiscal year 2016 due mainly to an increase of net pension liability by $301,073, or 43.2 percent. Decreases occurred in current liabilities of $124,036, or 22.1 percent, to offset the net pension liability increase.

Deferred inflows of resources in fiscal year 2017 decreased by $2,573, or 12.7 percent, and deferred inflows of resources of increased by $7,281 from fiscal year 2016 as a result of the implementation of GASB Statement No. 68.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the Station. The Station's revenue, expenses, and changes in net position for the years ended June 30, 2017, 2016, and 2015 are summarized as follows:

	2017	2016	2015
Operating Revenue			
WKSU pledges and contributions	$ 1,326,975	$ 1,411,726	$ 1,215,672
Folk Alley pledges and contributions	186,951	241,509	280,685
Underwriting contributions	1,086,259	1,026,537	922,499
In-kind contributions	416,748	425,244	426,531
Donated administration	1,399,689	1,202,779	1,128,865
Grant revenue	523,244	367,574	430,865
Other income	289,097	102,769	141,133
Total operating revenue	5,228,963	4,778,138	4,546,250
Nonoperating Revenue			
Restricted gifts	39,575	88,130	124,825
Investment income (loss)	160,192	(62,462)	6,267
Kent State University appropriations	991,663	1,244,704	2,745,169
Total nonoperating revenue	1,191,430	1,270,372	2,876,261
Total revenue	6,420,393	6,048,510	7,422,511
Operating Expenses			
Programming and production	3,732,724	3,434,776	3,479,518
Public information	708,447	650,371	609,768
Management and general	720,688	584,205	622,568
Depreciation	323,458	304,740	327,178
Fundraising	766,228	729,293	640,985
Underwriting	684,502	594,447	676,916
Total operating expenses	6,936,047	6,297,832	6,356,933
Decrease in Net Position	(515,654)	(249,322)	1,065,578
Net Position - Beginning of year	2,953,641	3,202,963	2,765,154
Adjustment to beginning balance - GASB 68 (Note 2)	-	-	(627,769)
Net Position - Beginning of year, restated	2,953,641	3,202,963	2,137,385
Net Position - End of year	**$ 2,437,987**	**$ 2,953,641**	**$ 3,202,963**

Operating revenue for fiscal year 2017 increased $450,825, or 9.4 percent. Membership contributions has decreased $84,751, or 6.0 percent, primarily due to WKSU moving from a monthly pledge model to a sustainer model. Due to timing of the revenue recognition under the sustainer model, revenue for fiscal year 2017 has shifted in to fiscal year 2018. There were increases in grant revenue of $155,670, or 42.4 percent, and other income of $186,328, or 181.3 percent. Other income had revenue of $70,058 from special events. WKSU has several community events each year and in fiscal year 2017, there were four events that generated revenue. Other income increases were from the sale of translator construction permits of $115,000. WKSU sold the permits for the translators that were no longer needed. Fiscal year 2016 total operating revenue increased $231,888, or 5.1 percent.

WKSU's nonoperating revenue decreased $78,942, or 6.2 percent, from fiscal year 2016 to fiscal year 2017. This is due to a combination of factors: a reduction of university support of $253,041, or 20.3 percent, a decrease in restricted gifts of $48,555, or 55.1 percent, and an increase in investment income due to a strong stock market in fiscal year 2017 of $222,654, or 356.5 percent.

WKSU nonoperating revenue for fiscal year 2016 decreased $1,605,889, or 55.8 percent. This was primarily due to the reduction of Kent State University support $1,500,465, or 54.7 percent. The University has been giving extra support to WKSU for operating expenses through the interim revenue decline that is caused with a program change. The support will decrease as membership and underwriting continues to rebound from classical programming to all news programming. Other decreases in nonoperating revenue were restricted gifts $36,695, or 29.4 percent, due to the special newsroom project nearing completion. Also, investment income had a significant decline of $68,729, or 1096.7 percent, due to the downturn with the stock market in fiscal year 2016.

Operating expenses overall increased by $638,215, or 10.1 percent, primarily due to a one-time UESP expense of $217,015 and an increase in pension expense of $168,625. These two expenses account for $385,640, or 60.4 percent, of the increase in expenses for fiscal year 2017. Program and production also increased by $297,948, or 8.7 percent, primarily due to increases in program fees. Management and general expenses increased $136,483, or 23.4 percent, because of expenses incurred for consultants hired to assess the station, serve as interim general manager, and for the general manager search. The underwriting expenses increased by $90,055, or 15.2 percent, due to a benchmarking study and expense related to the employee separation plan.

Fiscal year 2016 experienced a decrease of $59,101, or 0.9 percent, due to all departments having decreases in expenses, except for public information and fundraising expenses. Programming and production and administration had the largest decreases in expenses because of reductions in salaries due to retirements with no replacements of staff.

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. Cash consists of the Station's share of university pooled cash and investments. The Station's cash flows for the years ended June 30, 2017, 2016, and 2015 are summarized as follows:

	2017	2016	2015
Cash Used in Operating Activities	$ (960,245)	$ (1,391,630)	$ (1,348,814)
Cash Used in Capital and Related Financing Activities	(63,280)	(45,600)	(227,271)
Cash Provided by Noncapital Financing Activities	1,031,238	1,332,833	1,419,033
Cash Provided by Investing Activities	59,098	34,694	57,111
Increase (Decrease) in Cash	66,811	(69,703)	(99,941)
Cash - Beginning of year	313,331	383,034	482,975
Cash - End of year	**$ 380,142**	**$ 313,331**	**$ 383,034**

The Station consumed $960,245, $1,391,630, and $1,348,814 in operating activities in 2017, 2016, and 2015, respectively. The primary operating cash receipts consist of contributions, grants, and contracts of $3,340,774, $2,835,896, and $3,118,230 for 2017, 2016, and 2015, respectively. Cash outlays include payments for wages and to vendors of $3,543,710, $3,614,179, and $3,876,585 for 2017, 2016, and 2015, respectively. The primary noncapital financing activities consist of support from the University and restricted gifts.

Economic Factors that Will Affect the Future of Public Radio and WKSU

Print news media in the United States continues to struggle, creating an increasing need for public radio to provide quality news and information. As a result, news and information programming is leading the way in growing public radio's audience. WKSU has continued taking action to improve its results from operations. In fiscal year 2017, WKSU developed a two-year Operating Plan to accelerate our public service to the region - the plan looks at strengthening WKSU's financial sustainability, deepening engagement with diverse constituencies, aligning closely with Kent State University's Strategic Roadmap, increasing regional public service content, and expanding delivery platforms and content availability.

In August 2013, WKSU's primary program service shifted the prime time listening hours from a mixture of news/classical music to an all news and information format. This shift in program service has already resulted in increased listenership and is anticipated to build financial support for the Station through growth in membership and underwriting income. In fiscal year 2014, WKSU took advantage of its expanded underwriting team to grow revenue from new and established corporate and nonprofit clients to lay a foundation for advanced tactical initiatives. WKSU made investments in improving the efficiency and productivity of its membership and underwriting programs through updated software tools and online interface. WKSU has continued to strategically adjust its marketing efforts to promote the new programming format and grow audience.

In response to the growth of digital media, WKSU continues to promote its distribution of programming via online streaming, mobile apps, and HD Radio broadcasts, offering listeners multiple channels of programming including folk and classical music. In fiscal year 2016, WKSU launched a new mobile-friendly version of the WKSU website based upon tools provided by NPR Digital Services. As the digital media audience continues to grow, WKSU is well positioned to serve those audiences and generate additional income from membership and underwriting.

In regards to membership, WKSU implemented a new fundraising strategy in FY2017 that focused on the sustainer program. The sustainer program encourages donors to give annually with monthly ongoing deductions from their credit cards or banking accounts. This substantially reduces administrative costs, mailings, and lost revenue. Prior to FY2017, WKSU had 4 percent of its members as sustainers and by the end of FY2017, WKSU sustainers were at 38 percent of its total members. The total number of WKSU members grew by 18 percent for FY2017.

In regards to underwriting, WKSU implemented several new initiatives to increase revenue and efficiencies. After an underwriting audit conducted by an underwriting consultant, many recommendations were made. The major change was how the underwriting department was recognizing sales. Each sales executive is now required to record revenue based on when the on-air spots run each month, aligning revenue to a month-to-month basis over the year. This was matched in a revised reporting system that tracked current and future billings to the Allegiance Traffic system. Revised proposal writing, CRM tracking and reporting, expectations, and sales tactics/sales coaching were implemented with the team.

News Bureaus

WKSU maintains a strong presence in northeast Ohio through multiple news bureaus in addition to the primary news hub located in the WKSU Kent studios. The station is currently working to relocate the Akron News Bureau to a new home within the facilities of the Akron Beacon Journal, after the previous housing was slated for renovation into a boutique hotel. Relocating the bureau presents exciting new opportunities to collaborate with the Beacon Journal on new reporting projects and to partner on the production of new audio projects for podcasting and potentially for broadcast. The new Akron News Bureau combines with WKSU's highly skilled staff of news reporters to provide a balanced and informative news source to the region. Additionally, WKSU has bureaus in the Canton Museum of Art in Stark County and in downtown Cleveland. With these bureaus, WKSU has positioned itself as the region's best and strongest news organization, reaching all or part of 22 counties in northeast Ohio.

Grant Awards

During fiscal year 2017, WKSU received two grant awards, totaling over $520,000. Granting institutions included Ohio Broadcast Educational Media Commission and the Corporation for Public Broadcasting (CPB).

WKSU Awards: Fiscal 2016-2017

WKSU received the following awards for reporting in the fiscal year 2017.

Ohio Associated Press—*Ohio APME Awards*

- *Journalism Hall of Fame*, Vivian Goodman
- Best in Show-*General Excellence (tie)*, WKSU News
- First Place-*Best Anchor*, Amanda Rabinowitz
- First Place-*Best Newscast*, Jeff St. Clair—"All Things Considered"
- First Place-*Best Sports Feature*, Kabir Bhatia—"The Cleveland Cavaliers are NBA Champs, and LeBron James' Akron Alma Mater is Celebrating"
- Second Place-*Best Broadcast Writing*, Amanda Rabinowitz—"The New Sound of the Old Goodyear Theater Could Transform East Akron"
- Second Place-*Best Sportscast*, Amanda Rabinowitz and Terry Pluto—"The View from Pluto"
- Second Place-*Best Use of Sound*, M.L. Schultze—"Akron Works to Bring Joy to Voting"
- Second Place-*Best Coverage of a Scheduled Event*, WKSU Staff—"The Republican Party Comes to Cleveland"
- Second Place-*Best Enterprise Reporting*, Amanda Rabinowitz—"The New Sound of the Old Goodyear Theater Could Transform East Akron"
- Second Place-*Best Newscast*, Amanda Rabinowitz—"Morning Edition"

Press Club of Cleveland—*Ohio Excellence in Journalism Awards*

- Best in Show-*Best Radio Newscast*, Amanda Rabinowitz—"Morning Edition"
- First Place-*Use of Social Media*, WKSU Staff—"Election Night Facebook Live"
- First Place-*News Writing*, Jeff St. Clair—"Kestrel Boxes Provide Homes For Pint-Sized Predators"
- First Place-*Election 2016 Coverage*, M.L. Schultze—"WKSU Election Coverage 2016"
- First Place-*Human Interest*, Vivian Goodman—"A Delicious Way to Silence Those Noisy Little Cicadas"
- Second Place-*Use of Sound*, Kabir Bhatia —"During the RNC, a Political Rainbow Forms in Cleveland's New, $50 Million Public Square"
- Second Place-*Radio News*, M.L. Schultze—"Is Donald Trump Channeling Jim Trafficant"
- Second Place-*In-Depth Coverage,* Kevin Niedermier, Tim Rudell and Kabir Bhatia—"Grounded: The Dehubbing of the Region's Airports"
- Second Place-*Human Interest*, Amanda Rabinowitz—"The New Sound of the Old Goodyear Theater Could Transform East Akron"
- Second Place-*On-Going Coverage*, WKSU Staff—"The RNC in Cleveland"

Society of Professional Journalists-Ohio Chapters—*Ohio's Best Journalism Awards*

- Best in Show-*Best Anchor*, Amanda Rabinowitz
- First Place-*Best Environment Reporting*, Jeff St. Clair—"Exploradio: From factory to fish farm at the Foundry Project"
- First Place-*General Assignment*, M.L. Schultze—"Another blending of public art and football passion in Canton"
- First Place-*Best Health Care Feature Reporting*, WKSU Staff—"The Business of Health"
- Second Place-*Best Reporter in Ohio*, M.L. Schultze
- Second Place-*Best Consumer Reporting*, Kevin Niedermier—"Heinen's is betting on a continued rebirth of downtown Cleveland"
- Second Place-*Best Criminal Justice Reporting*, WKSU Staff—"Michael Brelo Verdict"
- Second Place-*Best Government Reporting*, WKSU Staff—" Cleveland Police Consent Decree"
- Second Place-*Best Medical/Health Reporting*, Jeff St. Clair—"Exploradio"
- Second Place-*Best Sports Reporting*, Amanda Rabinowitz and Terry Pluto—"Pluto on Sports"

Statement of Net Position

	June 30, 2017	June 30, 2016
Assets and Deferred Outflows		
Current Assets		
Accounts receivable, less allowance for doubtful accounts of $9,654 and $8,728 for June 30, 2017 and 2016, respectively	$ 190,814	$ 179,488
Member pledges receivable, less allowance for uncollectible pledges of $2,047 and $7,776 for June 30, 2017 and 2016, respectively	25,307	161,260
Current major gift pledges receivable, less allowance for pledges of $6,000 and $6,712 for June 30, 2017 and 2016, respectively	5,000	23,288
Prepaid expense and other assets	181,203	34,370
Total current assets	402,324	398,406
Temporarily Restricted Cash	380,142	313,331
Investments	1,289,256	1,188,162
Major Gift Pledges Receivable - Less allowance for uncollectible pledges of $0 and $1,074 and discounts of $0 and $264 for June 30, 2017 and 2016, respectively	-	9,662
Capital Assets - Net	1,851,608	2,176,611
Total assets	3,923,330	4,086,172
Deferred Outflows of Resources - GASB 68	460,390	340,861
Total deferred outflows and assets	**$ 4,383,720**	**$ 4,427,033**
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities		
Accounts payable	$ 61,596	$ 40,692
Accrued expenses	515,068	304,460
Due to Kent State University - Net	7,237	6,906
Unearned revenue	45,043	85,462
Total current liabilities	628,944	437,520
Noncurrent Liabilities		
Net pension liability	1,288,325	997,598
Capital lease obligation	10,801	18,038
Total liabilities	1,928,070	1,453,156
Deferred Inflows of Resources - GASB 68	17,663	20,236
Net Position		
Net investment in capital assets	1,833,570	2,151,667
Unrestricted	(799,009)	(480,948)
Restricted - Expendable	1,388,191	1,267,687
Restricted - Nonexpendable	15,235	15,235
Total net position	2,437,987	2,953,641
Total liabilities, deferred inflows, and net position	**$ 4,383,720**	**$ 4,427,033**

WKSU Radio Station

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2017	2016
Operating Revenue		
WKSU pledges and contributions	$ 1,326,975	$ 1,411,726
Folk Alley pledges and contributions	186,951	241,509
Underwriting contributions	1,086,259	1,026,537
In-kind contributions	416,748	425,244
Donated administration	1,399,689	1,202,779
Grant revenue	523,244	367,574
Other income	289,097	102,769
Total operating revenue	5,228,963	4,778,138
Operating Expenses		
Program and production	2,960,094	2,676,722
Broadcasting	508,766	460,945
Depreciation	323,458	304,740
Public information	708,447	650,371
Management and general	720,688	584,205
Fundraising	766,228	729,293
Underwriting	684,502	594,447
Folk Alley expenses	263,864	297,109
Total operating expenses	6,936,047	6,297,832
Operating Loss	(1,707,084)	(1,519,694)
Nonoperating Revenue		
Restricted gifts	39,575	88,130
Kent State University appropriations	991,663	1,244,704
Investment income	160,192	(62,462)
Total nonoperating revenue	1,191,430	1,270,372
Change in Net Position	(515,654)	(249,322)
Net Position - Beginning of year	2,953,641	3,202,963
Net Position - End of year	**$ 2,437,987**	**$ 2,953,641**

Statement of Cash Flows

	Year Ended June 30 2017	2016
Cash Flows from Operating Activities		
Cash received from donors	$ 1,667,492	$ 1,609,249
Cash received from the community	1,150,038	859,073
Cash received from grants	523,244	367,574
Cash from other sources	117,805	40,089
Cash from endowments	64,042	59,744
Payments to employees	(1,710,342)	(1,741,655)
Payments for benefits	(939,156)	(713,180)
Payments to suppliers and vendors	(1,833,368)	(1,872,524)
Net cash used in operating activities	(960,245)	(1,391,630)
Cash Flows from Capital and Related Financing Activities -		
Purchase of capital assets	(63,280)	(45,600)
Cash Flows from Noncapital Financing Activities		
Restricted gifts	39,575	88,129
Cash received from Kent State University	991,663	1,244,704
Net cash provided by noncapital financing activities	1,031,238	1,332,833
Cash Flows from Investing Activities - Interest received	59,098	34,694
Increase (Decrease) in Cash	66,811	(69,703)
Cash - Beginning of year	313,331	383,034
Cash - End of year	**$ 380,142**	**$ 313,331**
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Adjustments to reconcile operating loss to net cash used in operating activities:		
Operating loss	$ (1,707,084)	$ (1,519,694)
Depreciation	323,458	304,740
Loss on disposal of capital assets	64,825	-
Changes in assets and deferred outflows and liabilities and deferred inflows:		
Accounts receivable - Net	(1,664)	(63,183)
Pledges receivable - Net	154,241	(32,044)
Prepaid expenses and other assets	(146,833)	(12,665)
Deferred outflows of resources	(119,529)	(246,195)
Net pension liability	290,727	301,073
Accounts payable	20,904	(20,323)
Accrued expenses and other liabilities	203,702	(110,620)
Unearned revenue	(40,419)	-
Deferred inflows of resources	(2,573)	7,281
Net cash used in operating activities	**$ (960,245)**	**$ (1,391,630)**

Note 1 - Organization and Operation

WKSU Radio Station (WKSU or the "Station") is a regional public service radio station whose purpose is to serve the educational and cultural needs of the northeastern Ohio community. WKSU is governed by the board of trustees of Kent State University (the "University"). Kent State University Foundation, Inc. (the "Foundation") has been established as the gift-receiving arm of the University and also serves as the gift-receiving arm of WKSU. As such, the accompanying statement of net position and related statements of revenue, expenses, and changes in net position and cash flows reflect the assets owned by the University and the Foundation, designated for use by WKSU. WKSU is administered by the vice president of university relations and permanent staff. WKSU is funded mainly by community fundraising, underwriting contributions, federal and state grants, and appropriations from the University.

Note 2 - Significant Accounting Policies

Basis of Presentation - WKSU reports 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. WKSU's financial statements are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded when incurred. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

As of June 30, 2016, the Station adopted GASB Statement No. 72 - *Fair Value Measurements of Application.* GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

As required by the Government Accounting Standards Board, resources of WKSU are classified into one of four net position categories, as follows:

- **Net Investment in Capital Assets** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets

- **Restricted - Nonexpendable** - Net position subject to externally imposed stipulations that the Station maintains such assets permanently

Note 2 - Significant Accounting Policies (Continued)

- **Restricted - Expendable** - Net position whose use 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

- **Unrestricted** - Net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the board of trustees or board of directors or may otherwise be limited by contractual agreements with outside parties.

Deferred Outflows of Resources and Deferred Inflows of Resources - Deferred inflows and outflows of resources are consumptions of net position by the Station that are applicable to a future reporting period, and an acquisition of net position by the Station that is applicable to a future reporting period, respectively. The Station has recorded a deferred outflow of resources and a deferred inflow of resources related to GASB Statement No. 68 for pensions. See Note 11 for further discussion.

Pensions - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Revenue Recognition - Pledges of financial support are received from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Grants are recorded as revenue in the statement of revenue, expenses, and changes in net position when all applicable financial reimbursement criteria have been met.

Note 2 - Significant Accounting Policies (Continued)

Unearned Revenue - Unearned revenue consists of underwriting revenue that is collected, but the airtime spots were not aired as of the end of the year. Revenue is earned at the time spots are aired.

Accounts Receivable - Accounts receivable consist primarily of sales of underwriting contracts for spots aired. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts.

Operating Versus Nonoperating Revenue and Expenses - The Station defines operating activities as reported on the statement of revenue, expenses, and changes in net position as those that generally result from exchange transactions, such as payments received for providing goods or services. All of the Station's expenses are from exchange transactions. Certain significant revenue streams relied on for operations are reported as nonoperating revenue as required by GASB Statement No. 35.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WKSU's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets - Capital assets are stated at cost at the time of purchase or fair value at the date of gift. Depreciation of plant physical properties is provided on a straight-line basis over the estimated useful lives (3 to 40 years) of the respective assets.

In-kind Contributions - In-kind contributions are reflected as contributions at their estimated fair value at the date of donation. WKSU reports gifts of equipment, professional services, materials, and other nonmonetary contributions as unrestricted revenue in the accompanying statement of revenue, expenses, and changes in net position.

Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Note 2 - Significant Accounting Policies (Continued)

Contributions - Contributions, including unconditional promises to give and membership receipts, are recognized as revenue when all eligibility requirements, including time requirements, have been met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon WKSU management's judgment, including such factors as prior collection history and type of contribution. All member pledges receivable are promises to give within one year as of June 30, 2017. Beginning in fiscal year 2017, management is eliminating monthly member pledge receivables. The Station is moving to a sustainer monthly gift program which for an indefinite amount of time a donor will give monthly gifts. Revenue is recognized at the time of the gift.

WKSU has a major gift program. The major gift program, which serves as the capital campaign umbrella for several initiatives, including, but not limited to, equipment, technology, culture, endowment funds, and building expansion, will be complete by June 30, 2018. At this time there are no major campaigns planned.

The gross pledges receivable totaled $11,000 and $41,000 as of June 30, 2017 and 2016, respectively.

Grants - Grants are restricted for the purchase of equipment and for the payment of certain operational expenses. Grants are recorded as support and revenue in the statement of revenue, expenses, and changes in net position when all applicable financial reimbursement criteria have been met.

Upcoming Accounting Pronouncements

In June 2018, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require WKSU to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation OPERS. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). WKSU is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the WKSU's financial statements for the year ending June 30, 2018.

Note 2 - Significant Accounting Policies (Continued)

GASB 84 - *Fiduciary Activities* - In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. WKSU is currently evaluating the impact of this standard, specifically related to holding assets for other organizations and alumni/student clubs as well as for lease income. The provisions of this statement are effective for the Station's financial statements for the year ending June 30, 2020.

GASB 85 - *Omnibus 2017* - In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). WKSU is currently evaluating the impact of this standard. The provisions of this statement are effective for the Station's financial statements for the year ending June 30, 2018.

GASB 87 - *Leases* - In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. WKSU is currently evaluating the impact of this standard. The provisions of this statement are effective for the Station's financial statements for the year ending June 30, 2021.

Note 3 - Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable. Pledges are recorded at their approximate present value.

Membership pledges are expected to be received within 12 months. Major gift pledges receivable (less allowance for uncollectible amounts) due in less than one year totaled $5,000 for fiscal year 2017 and $23,288 for fiscal year 2016. Beginning in fiscal year 2017, pledge receivables will significantly decline. Management has moved to a sustainer program and is phasing out monthly pledges. The sustainer model is an indefinite commitment to give monthly gifts. Revenue is recognized at the time the gift is received.

Major gift pledges receivable at June 30, 2017 and 2016 are expected to be realized at the following net amounts:

	2017	2016
Less than one year	$ 11,000	$ 30,000
One to five years	-	11,000
Total	11,000	41,000
Less amount estimated to be uncollectible	(6,000)	(7,786)
Less unamortized discount	-	(264)
Total pledge receivable - Net	$ 5,000	$ 32,950

Note 4 - Capital Assets

WKSU follows the University's policy to expense property additions less than $5,000 in the year purchased. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Depreciation Category	Estimated Useful Life
Buildings	Buildings	40 years
Towers	Buildings	30 years
Furniture and fixtures	Furniture and fixtures	10 years
Equipment	Equipment	7-10 years
Automobiles	Equipment	5 years
Computers	Equipment	3 years
Remodel/Restore building	Buildings	20 years

Note 4 - Capital Assets (Continued)

Capital asset activity for the years ended June 30, 2017 and 2016 is as follows:

	2017			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Furniture and fixtures	$ 127,398	$ -	$ (127,398)	$ -
Equipment	4,214,474	53,480	(110,958)	4,156,996
Building	2,432,121	-	182,747	2,614,868
Construction in progress	256,921	9,800	(256,921)	9,800
Total	7,030,914	63,280	(312,530)	6,781,664
Less accumulated depreciation:				
Furniture and fixtures	127,398	-	(127,398)	-
Equipment	3,288,428	254,837	(120,307)	3,422,958
Building	1,438,477	68,621	-	1,507,098
Total accumulated depreciation	4,854,303	323,458	(247,705)	4,930,056
Capital assets - Net	$ 2,176,611	$ (260,178)	$ (64,825)	$ 1,851,608

	2016			
	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Furniture and fixtures	$ 127,398	$ -	$ -	$ 127,398
Equipment	4,239,108	-	(24,634)	4,214,474
Building	2,432,121	-	-	2,432,121
Construction in progress	201,971	45,600	9,350	256,921
Total	7,000,598	45,600	(15,284)	7,030,914
Less accumulated depreciation:				
Furniture and fixtures	127,398	-	-	127,398
Equipment	3,058,455	245,257	(15,284)	3,288,428
Building	1,378,994	59,483	-	1,438,477
Total accumulated depreciation	4,564,847	304,740	(15,284)	4,854,303
Capital assets - Net	$ 2,435,751	$ (259,140)	$ -	$ 2,176,611

Note 4 - Capital Assets (Continued)

During fiscal year 2011, WKSU received federal funding from the National Telecommunication and Information Administration for a capital expenditure project in the amount of $143,095. As a condition of this funding, the federal government has a priority reversionary interest on certain equipment. The lien expires on June 30, 2021.

Note 5 - Capital Lease

WKSU has entered into a capital lease with Kent State University for a 2015 Ford Explorer vehicle. The vehicle purchase under the capital lease arrangement has been capitalized and is included in capital assets - net on the statement of net position. Depreciation of this asset under capital leases is included in depreciation expense. The current portion of capital lease obligation is included in due to Kent State University - net on the statement of net position.

At June 30, 2017, the future minimum lease payments, by year and in the aggregate, are summarized as follows:

Years Ending June 30	Amount
2018	$ 8,094
2019	8,094
2020	3,373
2021	-
2022	-
Total minimum lease payments	19,561
Less amount representing interest	(1,523)
Present value of net minimum lease payments	18,038
Less current obligations	(7,237)
Long-term obligations under capital leases	$ 10,801

Note 6 - Operating Lease Commitments and Contingencies

WKSU leases tower space for certain repeater stations from third parties under lease agreements. The leases are accounted for as operating leases and are for various terms ranging from five to 10 years, with the last one expiring in 2021. Additional renewal options are available.

For the years ended June 30, 2017 and 2016, lease expense totaled $37,398 and $32,561, respectively.

Future minimum operating lease commitments at June 30, 2017 are as follows:

Years Ending June 30	Amount
2018	$ 40,009
2019	28,722
2020	16,860
2021	16,860
2022	10,860

WKSU leases space on the University towers to various third parties using five-year leases, expiring in 2021, with renewal options thereafter. During fiscal years 2017 and 2016, WKSU recorded $94,240 and $90,985, respectively, as tower rental income that is included in "other income" on the statement of revenue, expenses, and changes in net position. Future minimum rentals due are as follows:

Years Ending June 30	Amount
2018	$ 84,589
2019	62,540
2020	58,495
2021	58,958
2022	19,357

Note 7 - Related Party Transactions

WKSU receives administrative support from the Foundation and the University and monetary support from the University. However, WKSU reimburses the University for expenses in excess of appropriations. Administrative support provided by the Foundation is valued based on the salaries of the Foundation's staff and their proportionate amount of time spent on WKSU.

The statement of net position and the statement of revenue, expenses, and changes in net position include the following related party amounts for the years ended June 30, 2017 and 2016:

Year Ended June 30, 2017

Related Party Transactions	Statement Line Item	University	Foundation
In-kind contributions	In-kind contributions/ Donated administration	$ 1,399,689	$ 32,959
Appropriations	KSU appropriations	991,663	

Year Ended June 30, 2016

Related Party Transactions	Statement Line Item	University	Foundation
In-kind contributions	In-kind contributions/ Donated administration	$ 1,202,779	$ 27,575
Appropriations	KSU appropriations	1,244,704	

Note 8 - Income Taxes

Under Internal Revenue Code Section 115, the operations of the Station are exempt from income taxes as part of the overall operations of the University.

Note 9 - Investments

Investment funds are either board-designated or restricted as to intended purpose and are invested with and managed by Kent State University Foundation, Inc. (the "Foundation"). These investments are held in the Foundation's name. The fair values of the investment funds at June 30, 2017 and 2016 were as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Board-designated	$ 253,397	$ 309,021	$ 276,498	$ 286,171
Restricted expendable	789,191	962,428	855,572	885,502
Restricted nonexpendable	15,235	17,807	15,235	16,489
Total	$1,057,823	$1,289,256	$1,147,305	$1,188,162

Note 10 - Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment meeting all of the respective criteria for each.

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity other than the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio programs and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV Community Service Grant (CSG) program precipitated by extraordinary infusions of new capital investments in digital television (DTV), all capital contributions received for the purpose of acquiring new equipment, upgrading existing facilities, or building new facilities regardless of source or form of the contribution are not included in calculating the fiscal year 2016 or fiscal year 2017 NFFS. This change excludes all revenue received for any capital purchases.

Note 10 - Nonfederal Financial Support (NFFS) (Continued)

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was $5,505,667 and $5,656,915 for the radio fund for 2017 and 2016, respectively.

Note 11 - Retirement Benefits

Basic Retirement Benefits

Plan Description - WKSU participates in the Ohio Public Employees Retirement System (OPERS or the "Plan"), one of the statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of WKSU. OPERS has three retirement plan options available to its members. Each plan provides retirement, survivor, and disability benefits to plan members and their beneficiaries. Each plan also provides postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

OPERS issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. The report may be obtained by contacting:

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377
www.opers.org

Note 11 - Retirement Benefits (Continued)

Contributions - State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement board of the system (OPERS) individually sets contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plan's 2017 and 2016 contribution rates on covered payroll were as follows:

	Employer Contribution Rate			
	Pension	Postretirement Healthcare	Death Benefits	Total
OPERS	12.0%	2.0%	- %	14.0%

WKSU's required and actual contributions to the plans are as follows:

	For the Years Ended June 30	
	2017	2016
OPERS	$ 111,903	$ 101,797

Benefits Provided

Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirement to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15 to 30 years), age (48 to 62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

Note 11 - Retirement Benefits (Continued)

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2017, WKSU reported a liability for its proportionate share of the net pension liability of OPERS. The net pension liability was measured at December 31, 2016 for the OPERS plan. At June 30, 2016, WKSU reported a liability for its proportionate share of the net liability for OPERS. The net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

WKSU's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. WKSU was allocated a portion of the University's net pension liability based on its percentage of payroll expense.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2017	2016	2017	2016	Change
OPERS	December 31	$1,288,325	$ 997,598	0.66%	0.61%	0.05%

Note 11 - Retirement Benefits (Continued)

For the years ended June 30, 2017 and 2016, WKSU recognized pension expense of $290,727 and $305,008, respectively. At June 30, 2017, WKSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,034	$ (10,047)
Changes of assumptions	205,590	-
Net difference between projected and actual earnings on pension plan investments	193,080	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,595	(7,616)
Contributions subsequent to the measurement date	52,091	-
Total	$ 460,390	$ (17,663)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 20,236
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	281,635	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,822	-
Contributions subsequent to the measurement date	45,404	-
Total	$ 340,861	$ 20,236

Note 11 - Retirement Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	$ 164,708
2019	165,148
2020	68,256
2021	2,674
2022	(98)
Thereafter	(10,052)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next fiscal year (2018).

Actuarial Assumptions - At June 30, 2017, 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:

	OPERS - As of December 31, 2016
Valuation date	December 31, 2016
Actuarial cost method	Individual entry age
Cost of living	3.0 percent
Salary increases, including inflation	3.25 percent - 10.75 percent
Inflation	3.25 percent
Investment rate of return	7.5 percent net of pension plan investment expense
Experience study date	Period of five years ended December 31, 2015
Mortality basis	RP- 2014 Healthy Annuitant Mortality Table

Note 11 - Retirement Benefits (Continued)

At June 30, 2016, 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:

	OPERS - As of December 31, 2015
Valuation date	December 31, 2015
Actuarial cost method	Individual entry age
Cost of living	3.0 percent
Salary increases, including inflation	4.25 percent - 10.05 percent
Inflation	3.75 percent
Investment rate of return	8.00 percent net of pension plan investment expense
Experience study date	Period of five years ended December 31, 2010
Mortality basis	RP- 2000 mortality Table Projected 20 years using projection Scale AA

Discount Rate - As of June 30, 2017 and 2016, the discount rate used to measure the total pension liability was 7.5 percent for December 31, 2016 and 8.0 percent for OPERS for December 31, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 and by adding expected inflation.

Note 11 - Retirement Benefits (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for June 30, 2017 in the following table:

	OPERS as of December 31, 2016	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	23.00%	2.75%
Domestic equities	20.70%	6.34%
Real estate	10.00%	4.75%
Private equity	10.00%	8.97%
International equity	18.30%	7.95%
Other investments	18.00%	4.92%
	100.0%	

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for June 30, 2016 in the following table:

	OPERS as of December 31, 2015	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	23.00%	2.31%
Domestic equities	20.70%	5.84%
Real estate	10.00%	4.25%
Private equity	10.00%	9.25%
International equity	18.30%	7.40%
Other investments	18.00%	4.59%
	100.0%	

Note 11 - Retirement Benefits (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - For June 30, 2017, the following presents the net pension liability of WKSU, calculated using the discount rate listed below, as well as what WKSU's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
OPERS	6.50%	$ 1,972,894	7.50%	$ 1,288,325	8.50%	$ 717,566

For June 30, 2016, the following presents the net pension liability of WKSU, calculated using the discount rate listed below, as well as what WKSU's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
OPERS	7.00%	$ 1,481,176	8.00%	$ 997,598	9.00%	$ 459,751

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Note 12 - Fair Value Measurements

The Kent State University Foundation invests WKSU's endowment funds. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Station's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 12 - Fair Value Measurements (Continued)

WKSU's share of the Foundation's pool of investments for June 30, 2017 and 2016 was .7788 percent and .8313 percent, respectively. The Foundation had the following investments measured at fair value as of June 30, 2017 and 2016:

	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate stocks	$ 4,172,511	$ 4,172,511	$ -	$ -
Exchanged traded funds (ETFs)	18,667,761	18,667,761	-	-
Bonds	98,339	-	98,339	-
Mutual funds:				
Large capitalization equity funds	41,919,561	41,919,561	-	-
Small/Middle capitalization equity funds	4,585,114	4,585,114	-	-
International equity funds	37,510,794	37,510,794	-	-
Other mutual funds	14,299,179	14,299,179	-	-
Fixed-income funds	31,760,028	20,201,132	11,558,896	-
	153,013,287	$ 141,356,052	$ 11,657,235	$ -
Investments Measured at the Net Asset Value (NAV)				
Limited partnership hedge funds	10,409,900			
Private equity	2,128,320			
Total investments measure at net asset value (NAV)	12,538,220			
Total investments measure at fair value	$ 165,551,507			

	Balance at June 30, 2016	in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Corporate stocks	$ 4,419,270	$ 4,419,270	$ -	$ -
Exchanged traded funds (ETFs)	10,700,987	10,700,987	-	-
Mutual funds:				
Large capitalization equity funds	36,662,798	36,662,798	-	-
Small/Middle capitalization equity funds	8,177,385	8,177,385	-	-
International equity funds	30,297,424	30,297,424	-	-
Other mutual funds	12,796,031	12,796,031	-	-
Fixed-income funds	31,214,432	19,679,509	11,534,923	-
	134,268,327	$ 122,733,404	$ 11,534,923	$ -
Investments Measured at the Net Asset Value (NAV)				
Limited partnership hedge funds	8,320,628			
Private equity	344,640			
Total investments measure at net asset value (NAV)	8,665,268			
Total investments measure at fair value	$ 142,933,595			

Note 12 - Fair Value Measurements (Continued)

The fair values of debt and equity investments and mutual funds that are readily marketable are determined by obtaining quoted process on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices or by similar securities with similar due dates (Level 2 inputs).

The Foundation invests in alternative investments, which include investments in limited partnerships. Fair value represents the Foundation's proportionate interest in the net assets in these funds. Fair value is supplied to the Foundation by third-party administrators, and audited information about these funds is available annually. Due to current market conditions as well as the limited trading activity of these securities, the market value of these securities is highly sensitive to assumption changes and market volatility (Level 3 inputs).

The object of these alternative investments is to provide returns consistent with the United States consumer price index plus 5.0 percent over the long term by investing in areas that offer strong relative performance in rising inflation environments. In accordance with the terms of the investments, the Foundation is able to redeem its investments in these limited alternative investments by providing prior written notice from 100 days to one year. As of June 30, 2017 and 2016, the Foundation has no unfunded commitments to either of these alternative investments.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
WKSU Radio Station

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WKSU Radio Station (WKSU or the "Station"), a public telecommunications entity operated by Kent State University, which comprise the statement of net position as of June 30, 2017 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To Management and the Board of Trustees
WKSU Radio Station

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

December 11, 2017

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KENT STATE UNIVERSITY- WKSU RADIO STATION

PORTAGE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 23, 2018