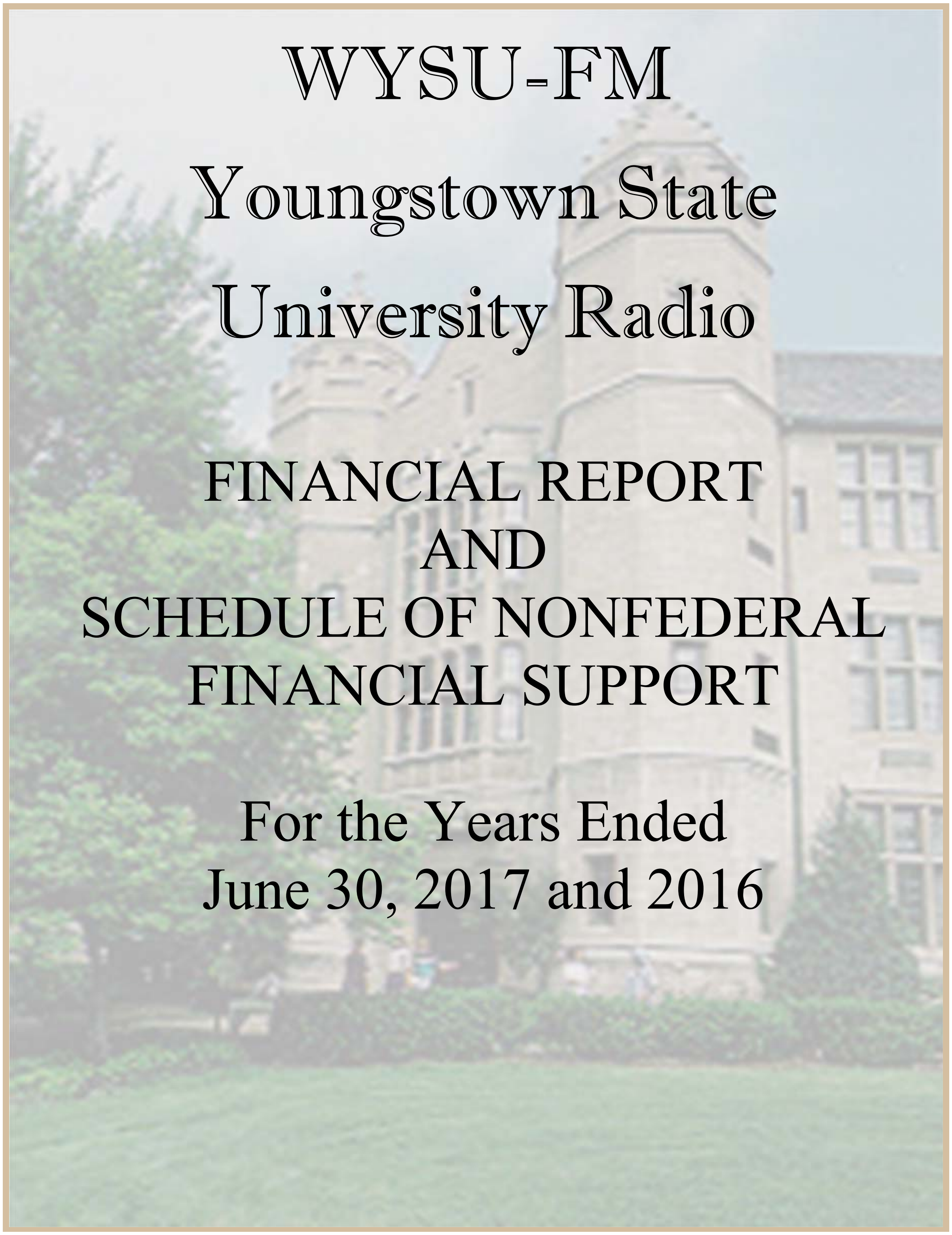

WYSU-FM

Youngstown State University Radio

FINANCIAL REPORT AND SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

For the Years Ended
June 30, 2017 and 2016

Dave Yost · Auditor of State

Board of Trustees
Youngstown State University
One University Plaza
Youngstown, Ohio 44555

We have reviewed the *Independent Auditor's Report* of the WYSU-FM, Youngstown State University Radio, Mahoning County, prepared by Crowe Horwath LLP, for the audit period July 1, 2015 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 Youngstown State University is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 17, 2018

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Crowe Horwath.

Crowe Horwath LLP
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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, 2017 and 2016, 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 and 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 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, 2017 and 2016, 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 Matter

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, 2017 and 2016, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 to 11, the Schedules of the Station's Proportionate Share of the Net Pension Liability and the Schedules of the Station's Contributions on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated November 30, 2017 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 30, 2017

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, 2017 with comparative information for the fiscal years ended June 30, 2016 and June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

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

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

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

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and

No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole.

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

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

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

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

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

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

Overall presentation elements of the financial statements include:

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

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

- Capital assets are reported net of accumulated depreciation.

Fiscal Year 2017 Financial and Other Station Highlights

- Stable financial position and audience numbers
- Implemented improvements to the reliability and audio quality of the Station's broadcast services with minimal or no additional cost
- Strong renewal rates in underwriters and an increase in lower level underwriters resulted in an over 10% increase in underwriting revenue

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 include resources where the consumption is applicable to a future reporting period, but does not require further exchange of service. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Net position is one indicator of the financial condition of the Station, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

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

	June 30, 2017	June 30, 2016	June 30, 2015
Assets			
Current assets	$ 1,615,557	$ 1,656,140	$ 2,132,802
Noncurrent assets			
Capital assets, net	159,698	193,913	95,076
Other assets	198,798	188,806	186,646
Total Noncurrent assets	358,496	382,719	281,722
Total Assets	1,974,053	2,038,859	2,414,524
Deferred Outflows of Resources	265,057	202,174	54,268
Liabilities			
Current liabilities	163,292	164,130	178,998
Noncurrent liabilities	854,064	698,622	523,143
Total Liabilities	1,017,356	862,752	702,141
Deferred Inflows of Resources	18,818	12,185	7,755
Total Net Position	$ 1,202,936	$ 1,366,096	$ 1,758,896
Net Position			
Net investment in capital assets	159,698	193,913	95,076
Restricted	326,592	459,309	715,124
Unrestricted	716,646	712,874	948,696
Total Net Position	$ 1,202,936	$ 1,366,096	$ 1,758,896

Total assets, consisting primarily of cash and cash equivalents, accounts receivable, pledges receivable, investments and capital assets, decreased $64,806 or 3% from fiscal year 2016 to fiscal year 2017. Current assets decreased $40,583 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.

Total assets decreased $375,665 or 16% between fiscal year 2015 and fiscal year 2016. This was primarily due to a decrease in cash of $467,798 or 23%, which was used for the Melnick Hall renovation project and expenses related to the Station's move to the new building in February 2016. Net capital assets increased $98,837 or 104% from fiscal year 2015 to fiscal year 2016 due

to new purchases relating to the Station's move to Melnick Hall including new broadcasting equipment, a new tower, and a new transmitter. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.
Deferred outflows of resources and deferred inflows of resources consist of items relating to pensions. Certain elements impacting the change in the net pension liability have a longer term perspective than the current year, therefore to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings of pension plan investments, and changes in the proportionate share of contributions. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources. The Station adopted GASBs 68 and 71 in fiscal year 2015.

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.

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

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

Total liabilities consisting of accounts payable, unearned revenue, compensated absences, and net pension liability increased $154,604 or 18% 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.

Total liabilities increased $160,611 or 23% between fiscal year 2015 and fiscal year 2016. This was mainly due to an increase in the net pension liability of $178,501 or 43%. Offsetting this increase, unearned revenue decreased $13,174 or 8% due to a decrease in the annual grant awarded from the Corporation for Public Broadcasting (CPB). Generally the Station defers spending of the annual CPB grant funds to the subsequent fiscal year. Therefore if unspent, it is considered unearned revenue in the fiscal year in which funds are received. Refer to Notes 5 and 6 for additional information about unearned revenue, compensated absences, and the net pension 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 and 71.

	June 30, 2017	June 30, 2016	June 30, 2015
Net investment in capital assets	$ 159,698	$ 193,913	$ 95,076
Restricted - nonexpendable	108,153	108,153	108,153
Restricted - expendable	218,439	351,156	606,971
Unrestricted	1,218,836	1,118,299	1,319,096
Total net position without GASBs 68 and 71	1,705,126	1,771,521	2,129,296
GASBs 68 and 71	(502,190)	(405,425)	(370,400)
Total Net Position	$ 1,202,936	$ 1,366,096	$ 1,758,896

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 net investment in capital assets consists of equipment net of accumulated depreciation. The $34,215 or 18% decrease from fiscal year 2016 to fiscal year 2017 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 2017, 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. 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 current year capital donations of $25,020 related to the project. Unrestricted net position is not subject to externally imposed restrictions and is designated for future operations. The $100,537 or 9% increase was primarily due to excess of membership and underwriting revenue over expenses.

Overall, the Station's total net position decreased $392,800 or 22% from $1,758,896 at June 30, 2015 to $1,366,096 at June 30, 2016. This resulted from excess expenses over revenues. Excluding net position attributed to GASBs 68 and 71, net position decreased $357,775 or 17% from $2,129,296 at June 30 2015 to $1,771,521 at June 30, 2016. The $98,837 or 104% increase in net investment of capital assets was due to new equipment purchases for the Station's new facility space in Melnick Hall. Restricted nonexpendable net position remained unchanged from fiscal year 2015 to fiscal year 2016. The decrease of $255,815 or 42% in restricted expendable net position was primarily due to building improvements of $385,778 for the Melnick Hall renovation project. Offsetting the decrease in the restricted expendable net position were capital gift donations of $87,600 to the Melnick Hall project fund during fiscal year 2016. Unrestricted net position decreased $200,797 or 15% primarily due to expenses relating to the Melnick Hall renovation project.

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, 2017	June 30, 2016	June 30, 2015
Total Operating Revenues	$ 410,365	$ 426,299	$ 372,297
Total Operating Expenses	1,637,519	1,939,707	1,309,130
Operating Loss	(1,227,154)	(1,513,408)	(936,833)
Net Nonoperating Revenues	1,038,974	1,033,008	1,054,570
Gain Before Other Revenue, Expenses, and Changes	(188,180)	(480,400)	117,737
Total Other Revenue, Expenses, and Changes	25,020	87,600	50,000
Change in Net Position	(163,160)	(392,800)	167,737
Net Position at Beginning of the Year	1,366,096	1,758,896	1,591,159
Net Position at End of the Year	$ 1,202,936	$ 1,366,096	$ 1,758,896

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

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

	June 30, 2017	June 30, 2016	June 30, 2015
Program Services	$ 745,186	$ 924,260	$ 720,238
Support Services	795,568	980,422	597,294
Operating Expenses without GASBs 68 and 71 accruals	1,540,754	1,904,682	1,317,532
GASBs 68 and 71 pension expense accruals	96,765	35,025	(8,402)
Total Operating Expenses	$ 1,637,519	$ 1,939,707	$ 1,309,130

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.

Excluding the impact of GASBs 68 and 71, total operating expenses increased $587,150 or 45% between fiscal year 2015 and fiscal year 2016, primarily due to expenses related to the Melnick Hall renovation project. Within program services, broadcasting expense increased $188,666 or 92% over the prior year and was largely due to small equipment purchases, maintenance, satellite fees and software fees related to the Station's move to Melnick Hall. Support services included the spending of $385,778 in restricted donations for facility improvements.

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.

Total net nonoperating revenues decreased $21,562 or 2% from fiscal year 2015 to fiscal year 2016. General appropriations from the University decreased $41,561 or 7% primarily due to decreases in the Station's vacation, sick leave, and personal leave accruals. Donated facilities and administrative support from the University increased $14,684 or 9% due an increase in the occupancy valuation of the Station's larger space in Melnick Hall.

Other revenues, expenses and changes consist of capital gifts. Capital gifts decreased $62,580 or 71% from fiscal year 2016 to fiscal year 2017. This was mainly due to fewer gifts received as the result of completion of the Melnick Hall renovation project during fiscal year 2016. Between fiscal year 2015 and fiscal year 2016, capital gifts increased $37,600 or 75% due to an increase in gifts for the Melnick Hall renovation project.

Economic Factors for the Future

As a major community service arm of Youngstown State University, WYSU-FM reaches thousands of listeners in eight counties in Ohio, three in Pennsylvania, and throughout the country and around the world over the airways, its streaming services, and smart phone applications. With the continued support of the University's Board of Trustees and administration, the generous loyalty of WYSU-FM's listener-members, and support of businesses, non-profit organizations, and foundations, management believes that the Station is well positioned to continue its favorable financial position and level of excellence into the future.

During fiscal year 2017, the Station had taken great strides to ensure operational longevity and reliability of its IT infrastructure. The Station's new office in Melnick Hall has not only adequately supported day-to-day operations, but has been designed to support growth and flexibility for many years to come. The technical personnel of WYSU-FM, a radio traffic consultant, the underwriting programming staff, and the Station's program director will be working together to develop processes to streamline and make more accurate and consistent workflow between development, traffic, and production. New software options are being investigated for program logs and traffic, with purchase and implementation expected in fiscal year 2018. In addition, arrangements have been made to install a wireless data link connecting the Station with its main transmitter site, which is expected to provide greater reliability and control over the current commercial link and will result in monthly cost savings.

A crucial element to the Station's future will continue to be its relationship with its members and underwriters as work continues toward providing quality programming. Underwriting revenue increased over 10% from fiscal year 2016 to fiscal year 2017, primarily due to a continued strong renewal rate in underwriters, an increase in lower level underwriters, and monthly staff training sessions with an underwriting consultant. In spite of devoting extra attention to new members and renewals, as well as encouraging basic membership during the Station's pledge drives, membership revenue decreased over 6% from fiscal year 2016 to fiscal year 2017. Management will be analyzing data and developing strategies to address this shortfall in the upcoming fiscal year. In addition, program research will be done to determine the audience appeal and sustainability of some of the Station's iconic programs, as well as examining under-performing network programs. Significant program adjustments are expected in fiscal year 2018. WYSU-FM continues to dedicate itself to maintaining strong relationships with its members and underwriters, and provide them with lifelong learning and personal development opportunities through the Station's fine arts and news and information programming.

Statements of Net Position at June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,589,378	$ 1,581,469
Interest receivable	276	310
Accounts receivable (net of allowance of $1,697 in 2017 and $185 in 2016)	14,987	28,915
Pledges receivable (net of allowance of $2,347 in 2017 and $2,778 in 2016)	10,916	45,446
Total Current Assets	1,615,557	1,656,140
Noncurrent Assets		
Endowment investments	198,798	188,806
Capital assets, net	159,698	193,913
Total Noncurrent Assets	358,496	382,719
Total Assets	1,974,053	2,038,859
DEFERRED OUTFLOWS OF RESOURCES		
Pension OPERS	265,057	202,174
Total Deferred Outflows of Resources	265,057	202,174
LIABILITIES		
Current Liabilities		
Accounts payable	5,860	7,022
Unearned revenue	149,604	147,976
Compensated absences	7,828	9,132
Total Current Liabilities	163,292	164,130
Noncurrent Liabilities		
Compensated absences	105,635	103,208
Net pension liability	748,429	595,414
Total Noncurrent Liabilities	854,064	698,622
Total Liabilities	1,017,356	862,752
DEFERRED INFLOWS OF RESOURCES		
Pension OPERS	18,818	12,185
Total Deferred Inflows of Resources	18,818	12,185
NET POSITION		
Net investment in capital assets	159,698	193,913
Restricted - Nonexpendable	108,153	108,153
Restricted - Expendable	218,439	351,156
Unrestricted	716,646	712,874
Total Net Position	$ 1,202,936	$ 1,366,096

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	$ 131,649	$ 145,521
In-kind contributions	135,908	147,319
Broadcast Education Media Commission grant	34,224	35,149
Underwriting revenue	108,584	98,310
Total Operating Revenues	410,365	426,299
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	451,378	472,415
Broadcasting	258,509	393,554
Program information	73,550	68,024
Traffic and continuity	8,051	7,170
Support Services		
Management and general	485,819	674,926
Fund raising and membership development	85,381	82,488
Underwriting	127,338	109,791
Clerical	113,278	107,310
Depreciation	34,215	24,029
Total Operating Expenses	1,637,519	1,939,707
Operating Loss	(1,227,154)	(1,513,408)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	548,383	537,580
Donated facilities and administrative support from the University	192,380	181,329
Membership revenue	267,118	286,237
Special revenues from fund raising (net of expenses of $9,516 in 2017 and $3,944 in 2016)	12,277	17,257
Investment gain, net of investment expense	18,816	10,605
Net Nonoperating Revenues	1,038,974	1,033,008
Gain Before Other Revenues, Expenses, and Changes	(188,180)	(480,400)
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital gifts	25,020	87,600
Total Other Revenues, Expenses, and Changes	25,020	87,600
Change in Net Position	(163,160)	(392,800)
NET POSITION		
Net Position at Beginning of the Year	1,366,096	1,758,896
Net Position at End of the Year	$ 1,202,936	$ 1,366,096

See accompanying notes to financial statements.

Statements of Cash Flows
for the Years Ended June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
Cash Flows from Operating Activities		
Receipts from Corporation for Public Broadcasting grant	$ 133,374	$ 131,649
Receipts from Broadcast Educational Media Commission grant	34,224	35,149
Business and underwriting support	123,495	104,766
Payments to suppliers	(523,374)	(884,664)
Payments to employees	(485,902)	(494,393)
Payments for benefits	(170,094)	(177,214)
Total Cash Flows Used in Operating Activities	(888,277)	(1,284,707)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	548,383	537,580
Membership receipts	301,649	288,814
Fundraising receipts	21,792	21,201
Payments for fundraising	(9,516)	(3,944)
Total Cash Flows Provided by Noncapital Financing Activities	862,308	843,651
Cash Flows from Investing Activities		
Interest on investments	18,850	10,684
(Purchase) sale of investments	(9,992)	(2,160)
Total Cash Flows Provided by Investing Activities	8,858	8,524
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	25,020	87,600
Purchase of capital assets	-	(122,866)
Total Cash Flows Provided by Capital and Related Financing Activities	25,020	(35,266)
Change in Cash and Cash Equivalents	7,909	(467,798)
Cash and Cash Equivalents, Beginning of Year	1,581,469	2,049,267
Cash and Cash Equivalents, End of Year	$ 1,589,378	$ 1,581,469
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (1,227,154)	$ (1,513,408)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	34,215	24,029
Donated facilities and administrative support from the University	192,380	181,329
Changes in assets and liabilities:		
Accounts receivable, net	13,928	6,208
Accounts payable, compensated absences, and unearned revenue	1,589	(17,890)
Net pension liability	153,015	178,501
Deferred outflows of resources	(62,883)	(147,906)
Deferred inflows of resources	6,633	4,430
Net Cash Flows Used in Operating Activities	$ (888,277)	$ (1,284,707)

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, 2017 and 2016, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

Summary of Significant Accounting Policies

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

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

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

Endowment Policy **-** The University Endowment Fund consists of 99 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. 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. As part of the development service agreement, new pledges are recorded by the Foundation and payments on Station pledges are collected by the Foundation and remitted to the Station monthly.

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

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

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

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

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

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

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

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

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

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

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

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

Reclassification – Certain reclassifications have been made to the fiscal year 2016 amounts to conform with the fiscal year 2017 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – Cash and Cash Equivalents

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

The aggregate cost of repurchase agreements, which approximates fair value, included in the University's cash and cash equivalents was $357,738 at June 30, 2016. There were no repurchase agreements at June 30, 2017.

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, 2017 and June 30, 2016 consisted of the following:

	2017	2016
Carrying Amount (Cash and cash equivalents)	$ 20,347,943	$ 15,893,972
FDIC Insured	$ 5,792,147	$ 5,769,116
Uninsured but collateralized by pools of securities pledged by the depository banks	4,059,773	4,927,221
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	11,784,788	5,882,625
Bank Balance	$ 21,636,708	$ 16,578,962

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

The Station's cash and cash equivalents are included in these totals and were $1,589,378 and $1,581,469 at June 30, 2017 and June 30, 2016, 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, 2017 and June 30, 2016, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 3 - Investments

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

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

The University utilizes an investment advisor and investment managers for endowment funds, which includes WYSU-FM's endowment fund. The Station's investments represent a portion of the University's endowment investments. University endowment investments were $9,184,939 as of June 30, 2017 and $8,776,929 as of June 30, 2016. The Station's portion of the University endowment investments were $198,798 as of June 30, 2017 and $188,806 as of June 30, 2016.

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, 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
Foreign Bonds	-	-	-	-
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, 2016, 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	-	20,202	-	20,202
Foreign Bonds	-	2,077	-	2,077
U.S. Government Bonds	-	13,594	-	13,594
Bond Mutual Funds	3,399	-	-	3,399
Preferred Stock	-	12,838	-	12,838
Common Stock	120,836	-	-	120,836
Equity Mutual Funds	15,860	-	-	15,860
Totals	$ 140,095	$ 48,711	$ -	$ 188,806

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	$ -
Foreign Bonds	-	-	-	-	-
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, 2016, the Station had the following investments and maturities using the segmented time distribution method:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Corporate Bonds	$ 20,202	$ 1,510	$ 12,461	$ 6,231	$ -
Foreign Bonds	2,077	2,077	-	-	-
U.S. Government Bonds	13,594	-	13,594	-	-
Bond Mutual Funds	3,399	3,399	-	-	-
Preferred Stock	12,838	12,838	-	-	-
Common Stock	120,836	120,836	-	-	-
Equity Mutual Funds	15,860	15,860	-	-	-
Totals	$ 188,806	$ 156,520	$ 26,055	$ 6,231	$ -

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

As of June 30, 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	$ -
Foreign Bonds	-	-	-	-	-	-
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

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

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

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, 2017 and 2016, 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, 2017 and 2016, 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, 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

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

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

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2017 and June 30, 2016 consisted of the following:

	2017	2016
Corporation for Public Broadcasting grant	$ 133,374	$ 131,649
Underwriting agreements	16,230	16,327
Total unearned revenue	$ 149,604	$ 147,976

Note 6 – Long-Term Liabilities

Long-term liability activity (also see Note 7) for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 112,340	$ 1,123	$ -	$ 113,463	$ 7,828
Net pension liability	595,414	375,365	222,350	748,429	-
Total long-term liabilities	$ 707,754	$376,488	$ 222,350	$ 861,892	$ 7,828

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

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

Note 7 – Defined Benefit Pension Plans

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

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

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

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

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

Plan Description

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

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

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

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

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

Benefits Provided

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

OPERS Benefits

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

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

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

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

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

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

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

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

Contributions

<u>OPERS Contributions</u>

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. For the years ended June 30, 2017 and June 30, 2016, the employee contribution rate was 10% and the employer contribution rate was 14%. The Station's contributions to OPERS were $64,328, $65,109, and $64,597 for the fiscal years ended June 30, 2017, 2016, and 2015, respectively. There were no contributions made to the ARP for the fiscal years ended June 30, 2017, 2016 and 2015. 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, 2017 and June 30, 2016, the Station reported a liability of $748,429 and $595,414, respectively for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2016 and December 31, 2015 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 0.003304% and 0.003450% for 2017 and 2016, respectively.

Total pension expense for the years ended June 30, 2017 and June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, was $161,093 and $100,134, 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, 2017 and June 30, 2016, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,345	$ 5,593	$ 46	$ 12,185
Net difference between projected and actual earnings on pension plan investments	112,195	-	169,686	-
Change in assumptions	119,467		-	-
Change in proportionate share of contributions	76	13,225	171	-
Station contributions subsequent to the measurement date	31,974	-	32,271	-
Totals	$ 265,057	$ 18,818	$ 202,174	$ 12,185

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
2018	$	87,699
2019		91,768
2020		39,601
2021		(4,722)
2022		(45)
Thereafter		(36)
Totals	$	214,265

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 12/31/16	Actuarial Assumptions as of 12/31/15
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 2.8% simple
Salary increases, including inflation	3.25%-10.75%	4.25%-10.05%
Inflation	3.25%	3.75%
Investment rate of return	7.5%	8.0%
Experience study date	Period of 5 years ended December 2015	Period of 5 years ended December 2010
Mortality basis	RP-2014 mortality table projected 20 years using Projection Scale AA	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount rate

The discount rate used to measure the total pension liability was 7.5% and 8% as of June 30, 2017 and June 30, 2016, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions will be made at the contractually required rates for all plans. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	As of 12/31/16		As of 12/31/15	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	2.75%	23.0%	2.31%
Domestic equity	20.7%	6.34%	20.7%	5.84%
International equity	18.3%	7.95%	18.3%	7.40%
Real estate	10.0%	4.75%	10.0%	4.25%
Private equity	10.0%	8.97%	10.0%	9.25%
Other	18.0%	4.92%	18.0%	4.59%
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	
2017	6.50%	$ 1,146	7.50%	$ 748	8.50%	$ 417
2016	7.00%	$ 882	8.00%	$ 595	9.00%	$ 295

Pension plan fiduciary net position

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

Payable to the Pension Plan

The Station reported a payable of $5,465 and $5,432 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2017 and June 30, 2016, respectively.

Note 8 - Related Party

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

The operations of WYSU-FM are supported by general appropriations from the University. In addition to direct support received through grant awards and underwriting revenue attributable to WYSU-FM's operations, the University covers operating costs of WYSU-FM. The University's support allocation totaled $548,383 and $537,580 in direct support for fiscal years 2017 and 2016, respectively, and $192,380 and $181,329 in indirect administrative support and donated facilities. During fiscal years 2017 and 2016, respectively, WYSU-FM expended restricted donations of $172,222 and $385,778 on the portion of the Melnick Hall renovation project attributed to the Station.

Note 9 – Risk Management

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

Required Supplementary Information

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

OPERS

Fiscal Year	2017	2016	2015
Measurement Date	1/1/16-12/31/16	1/1/15-12/31/15	1/1/14-12/31/14
Station's proportion of the net pension liability (asset)	0.003304%	0.003450%	0.003470%
Station's proportionate share of the net pension liability (asset)	$ 748,429	$ 595,414	$ 416,913
Station's covered-employee payroll	$ 461,655	$ 462,132	$ 445,112
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	162.12%	128.84%	93.66%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	85.00%	84.00%

NOTE: Years prior to 2015 are not available.

Schedule of the Station's Contributions

OPERS

	2017	2016	2015
Statutorily required contribution	$ 64,328	$ 65,109	$ 64,597
Contributions in relation to the Statutorily required contribution	$ 64,328	$ 65,109	$ 64,597
Annual contribution deficiency	$ -	$ -	$ -
Station's covered-employee payroll	$ 459,488	$ 465,061	$ 461,406
Contributions recognized by the pension plan in relation to the the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll	14.00%	14.00%	14.00%

Supplementary Information

Schedule of Nonfederal Financial Support for the Year Ended June 30, 2017

Direct Income	$	1,000,005
Indirect Administrative Support		192,380
In-Kind Contributions of Services and Other Assets		123,612
Total Nonfederal Financial Support	$	1,315,997

Crowe Horwath LLP
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

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 WYSU-FM, Youngstown State University Radio (the "Station"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 30, 2017.

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, 2017, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 30, 2017

Youngstown State University

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Dave Yost · Auditor of State

YOUNGSTOWN STATE UNIVERSITY – WYSU-FM

MAHONING 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 30, 2018