



WYSU-FM
Youngstown State
University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT

For the Years Ended
June 30, 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER



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We have reviewed the *Independent Auditor's Report* of the WYSU-FM, Youngstown State University Radio, Mahoning County, prepared by Crowe LLP, for the audit period July 1, 2018 through June 30, 2019. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 4, 2019

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WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

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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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, 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 12, the Schedules of the Station's Proportionate Share of the Net Pension Liability and the Net OPEB Liability (Asset) on pages 38 and 39, and the Schedules of the Station's Contributions on pages 38 and 39, 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 40 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 26, 2019 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 LLP

Columbus, Ohio
November 26, 2019

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

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 non-commercial public radio station operated by Youngstown State University (the University or YSU), during the fiscal year ended June 30, 2019 with comparative information for the fiscal years ended June 30, 2018 and June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

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

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

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

Using the Financial Statements

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

During fiscal year 2018, the Station adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* and during fiscal year 2015, the Station adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These statements significantly revised accounting for pension/OPEB costs and liabilities.

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB assets/liabilities. Changes in pension/OPEB benefits, contribution rates, and return on investments affect the balances of the net

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

pension/OPEB assets/liabilities, but are outside the control of the public employer. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB assets/liabilities are satisfied, these assets and liabilities are separately identified within the long-term asset and long-term liability sections of the Statement of Net Position.

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

Overall key presentation elements of the financial statements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.
- Revenues and expenses are categorized as either operating or non-operating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered non-operating, as defined by GASB Statement No. 35.
- Capital assets are reported net of accumulated depreciation.

Fiscal Year 2019 Financial and Other Station Highlights

- Stable financial position and audience numbers.
- Surpassed fundraising goals for fall 2018 and spring 2019 membership pledge drives during fiscal year 2019.
- Underwriting revenue continued its upward trend with new underwriting clients from outside the typical geographical area, increasing the Station's impact regionally.

The Statement of Net Position

The Statement of Net Position presents the financial position of the Station at the end of the fiscal year and includes 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. 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

A summarized comparison of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2019, 2018, and 2017 was as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
Assets			
Current assets	\$ 1,697,621	\$ 1,669,533	\$ 1,622,085
Noncurrent assets			
Capital assets, net	91,269	125,483	159,698
Other assets	215,731	205,309	198,798
Total Noncurrent assets	<u>307,000</u>	<u>330,792</u>	<u>358,496</u>
Total Assets	<u>2,004,621</u>	<u>2,000,325</u>	<u>1,980,581</u>
Deferred Outflows of Resources	<u>353,796</u>	<u>122,134</u>	<u>265,057</u>
Liabilities			
Current liabilities	171,108	175,660	169,820
Noncurrent liabilities	1,246,929	940,906	854,064
Total Liabilities	<u>1,418,037</u>	<u>1,116,566</u>	<u>1,023,884</u>
Deferred Inflows of Resources	<u>34,500</u>	<u>161,133</u>	<u>18,818</u>
Total Net Position	<u>\$ 905,880</u>	<u>\$ 844,760</u>	<u>\$ 1,202,936</u>
Net Position			
Net investment in capital assets	91,269	125,483	159,698
Restricted	216,733	333,395	326,592
Unrestricted	597,878	385,882	716,646
Total Net Position	<u>\$ 905,880</u>	<u>\$ 844,760</u>	<u>\$ 1,202,936</u>

Total assets, consisting primarily of cash and cash equivalents, accounts receivable, pledges receivable, investments, and capital assets, increased \$4,296 or 0.2% from fiscal year 2018 to fiscal year 2019. Current assets increased \$28,088 or 2% between fiscal year 2018 and fiscal year 2019 and was primarily due to an increase in cash and cash equivalents, the result of an increase in membership revenue and an overall net decrease in cash used in operating activities. Accounts and pledges receivable remained relatively flat from fiscal year 2018 to fiscal year 2019. Noncurrent assets decreased \$23,792 or 7% from fiscal year 2018 to fiscal year 2019. The decrease can be attributed to a combination of an increase in investments of \$10,422 or 5% primarily due to unrealized gains resulting from a favorable market environment and a decrease of \$34,214 or 27% in capital assets, which represented current year depreciation expense.

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

Deferred outflows of resources and deferred inflows of resources consist of items relating to pensions and OPEB. Certain elements impacting the change in the net pension/OPEB assets/liabilities have a longer term perspective than the current year; therefore, to reduce volatility these elements are amortized over a closed period of specified duration. These include differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings of investments, and changes in the proportionate share of contributions. These elements can be reflected as either a deferred outflow of resources or a deferred inflow of resources.

Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require further exchange of goods or services. Deferred outflows increased \$231,662 or 190% from fiscal year 2018 to fiscal year 2019. Deferred outflows related to pension increased \$134,596 primarily due to a \$119,899 increase in the net difference between projected and actual earnings on pension plan investments. Deferred outflows related to OPEB increased \$97,066 primarily due to a combination of a \$13,897 increase in the net difference between projected and actual earnings on pension plan investments and an \$85,602 increase in the change in proportionate share of contribution.

Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period. Deferred inflows decreased \$126,633 or 79% from fiscal year 2018 to fiscal year 2019. Deferred inflows related to pension decreased \$114,565 primarily due to a \$109,783 decrease in the net difference between projected and actual earnings on pension plan investments. Deferred inflows related to OPEB decreased \$12,068 due to a combination of a \$25,190 decrease in the net difference between projected and actual earnings on pension plan investments and an increase of \$12,169 in changes in assumptions.

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

Total liabilities consisting of accounts payable, payroll liabilities, unearned revenue, compensated absences, net pension liability, and net OPEB liability increased \$301,471 or 27% from fiscal year 2018 to fiscal year 2019 and was due to a combination of an increase in the net pension liability of \$370,397 or 74%, offset by an overall decrease in compensated absences of \$28,623 or 27% and a decrease of \$35,032 or 10% in the net OPEB liability.

Total liabilities increased \$92,682 or 9% from fiscal year 2017 to fiscal year 2018. The net pension liability decreased \$244,971 or 33% from fiscal year 2017 to fiscal year 2018. The net OPEB liability increased \$338,157 due to the implementation of GASB 75 in fiscal year 2018.

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

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

	June 30, 2019	June 30, 2018	June 30, 2017
Net investment in capital assets	\$ 91,269	\$ 125,483	\$ 159,698
Restricted - nonexpendable	108,153	108,153	108,153
Restricted - expendable	108,580	225,242	218,439
Unrestricted	1,455,562	1,266,496	1,218,836
Total net position without GASBs 68, 71 and 75	1,763,564	1,725,374	1,705,126
GASBs 68 and 71	(663,388)	(542,152)	(502,190)
GASB 75	(194,296)	(338,462)	-
Total Net Position	\$ 905,880	\$ 844,760	\$ 1,202,936

Overall, the Station's total net position increased \$61,120 or 7% from \$844,760 at June 30, 2018 to \$905,880 at June 30, 2019. This was primarily due to a combination of a decrease of \$116,662 in restricted net position and a \$211,996 increase in unrestricted net position. Excluding net position attributed to GASBs 68, 71 and 75, net position increased \$38,190 or 2% from \$1,725,374 at June 30, 2018 to \$1,763,564 at June 30, 2019, as a result of excess revenues over expenses. The net investment in capital assets consists of equipment net of accumulated depreciation. The \$34,214 or 27% decrease from fiscal year 2018 to fiscal year 2019 was due to current year depreciation expense. Restricted nonexpendable net position consists primarily of endowment funds held by the University in the name of the Station. Changes in this category are driven by additions or deductions to the endowment corpus. During fiscal year 2019, 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. Restricted expendable net position decreased \$116,662 or 52% primarily due to a board approved transfer of \$127,237 of additional gifts for the

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

WYSU-FM Melnick Hall renovation project to the Station's membership account fund to replenish amounts previously spent on the project. Unrestricted net position is not subject to externally imposed restrictions and is designated for future operations. Unrestricted net position increased \$211,996 or 55% from fiscal year 2018 to fiscal year 2019 due to the combination of excess membership and underwriting revenue over expenses and the above mentioned transfer from the Melnick Hall renovation project fund to the membership fund.

Overall, the Station's total net position decreased \$358,176 or 30% from \$1,202,936 at June 30, 2017 to \$844,760 at June 30, 2018. This was primarily due to the implementation of GASB 75. Excluding net position attributed to GASBs 68, 71 and 75, net position increased \$20,248 or 1% from \$1,705,126 at June 30, 2017 to \$1,725,374 at June 30, 2018, a result of excess revenues over expenses. The \$34,215 or 21% decrease in net investment in capital assets from fiscal year 2017 to fiscal year 2018 was due to current year depreciation expense. Restricted nonexpendable net position remained unchanged from fiscal year 2017 to fiscal year 2018. Restricted expendable net position remained relatively flat from fiscal year 2017 to fiscal year 2018. Unrestricted net position increased \$47,660 or 4% from fiscal year 2017 to fiscal year 2018 due to excess underwriting revenue over expenses and net proceeds from the Mad About the Arts event.

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

These statements present the operating results and the non-operating revenues and expenses of the Station. 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 non-operating 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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

	June 30, 2019	June 30, 2018	June 30, 2017
Total Operating Revenues	\$ 437,041	\$ 438,829	\$ 410,365
Total Operating Expenses	1,377,607	1,549,992	1,645,315
Operating Loss	(940,566)	(1,111,163)	(1,234,950)
Net Non-operating Revenues	1,014,686	1,054,992	1,046,770
Loss Before Other Revenue, Expenses, and Changes	74,120	(56,171)	(188,180)
Total Other Revenue, Expenses, and Changes	(13,000)	12,520	25,020
Change in Net Position	61,120	(43,651)	(163,160)
Net Position at Beginning of the Year, originally stated	844,760	1,202,936	1,366,096
Cumulative effect of GASB 75 implementation	-	(314,525)	-
Net Position at End of the Year	<u>\$ 905,880</u>	<u>\$ 844,760</u>	<u>\$ 1,202,936</u>

The Station's total operating revenues remained relatively flat from fiscal year 2018 to fiscal year 2019, with \$1,788 or 0.4% decrease. Comparing fiscal year 2019 to fiscal year 2018, the CPB grant decreased \$2,915 or 2% and in-kind contributions decreased \$3,784 or 2%. Offsetting these decreases was an increase in underwriting revenue, which increased \$4,911 or 4% from fiscal year 2018 to fiscal year 2019. The increase was mainly due to a strong underwriter renewal rate and attracting new underwriting clients from outside the Station's immediate geographical area.

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

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

	June 30, 2019	June 30, 2018	June 30, 2017
Program Services	\$ 817,998	\$ 824,119	\$ 745,186
Support Services	582,539	661,974	803,364
Operating Expenses without GASBs 68, 71 and 75 accruals	1,400,537	1,486,093	1,548,550
GASBs 68 and 71 pension expense accruals	121,236	39,962	96,765
GASB 75 OPEB expense accrual	(144,166)	23,937	-
Total Operating Expenses	<u>\$ 1,377,607</u>	<u>\$ 1,549,992</u>	<u>\$ 1,645,315</u>

Excluding the impact of GASBs 68, 71 and 75, total operating expenses decreased \$85,556 or 6% from fiscal year 2018 to fiscal year 2019. Program services decreased \$6,121 or 1% due to a combination of a decrease in broadcasting supplies and small equipment, offset by an increase in program information as staff duties shifted from other categories into program information.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Support services decreased \$79,435 or 12% primarily due to unplanned vacancies during fiscal year 2019 that resulted in a shifting of staff duties between categories.

Excluding the impact of GASBs 68, 71 and 75, total operating expenses decreased \$62,457 or 4% from fiscal year 2017 to fiscal year 2018. Program services increased \$78,933 or 11% primarily due to an increase in radio programming fees to support changes in the Station's programming format to expand its listening audience. Support services decreased \$141,390 or 18% due to the prior year including expenses relating to building improvements for the Melnick Hall project, which are reflected in the University's capital assets. The project was completed in fiscal year 2017.

Total net non-operating revenues decreased \$40,306 or 4% from fiscal year 2018 to fiscal year 2019. The general appropriation from the University decreased \$40,554 or 7% between fiscal year 2018 and fiscal year 2019, primarily due to a decrease in the Station's vacation and sick leave accruals for eligible employees. Although the membership base had decreased slightly, overall membership revenue increased \$20,788 or 8% and the average donation per member also increased 8% in fiscal year 2019 compared to fiscal year 2018. The Station exceeded its membership fundraising goals for both its fall 2018 and spring 2019 fund drives. Net revenues from fund raising decreased \$19,833 or 100% from fiscal year 2018 to fiscal year 2019. The Station is co-sponsor of the "Mad About the Arts" event that is typically held in the spring of each calendar year. However in 2019, this event was moved to the fall, so no revenue was recognized in fiscal year 2019 since the event will be held in fiscal year 2020.

Total net non-operating revenues remained relatively flat from fiscal year 2017 to fiscal year 2018, with an \$8,223 or 0.8% increase. Donated facilities and administrative support from the University increased \$8,859 or 5% due to an increase in the proportionate share of institutional support benefiting the Station. Overall membership income, consisting of revenue derived from fall and spring fund drives as well as general donations and matching gifts, decreased \$8,098 or 3%. The overall decrease was due to a combination of a slight increase in membership income derived from the fall and spring fund drives from fiscal year 2017 to fiscal year 2018, and a decrease due to fiscal 2017 including an additional one day fund drive that raised nearly \$11,000.

Other revenues, expenses and changes decreased 25,520 or 204% from fiscal year 2018 to fiscal year 2019. With the completion of the Melnick Hall renovation project during fiscal year 2017, no capital gifts were received during fiscal year 2019. With \$13,000 of pledges collected from the spring 2019 fund drive, the Station established the Barbara A. Krauss Memorial Scholarship to be awarded annually to students enrolled in the Dana School of Music and majoring in music recording and technology. Capital gifts decreased \$12,500 or 50% from fiscal year 2017 to fiscal year 2018. The Station received a final gift of \$12,500 during fiscal year 2018 for the capital campaign for the Melnick Hall renovation project.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Economic Factors for the Future

Looking to the future, management believes the Station is well positioned to continue its favorable financial position and level of excellence in service to its constituents. As one of Youngstown State University's most visible campus and community entities, WYSU-FM reaches over 30,000 weekly listeners who spend 12 million hours annually with the Station. The broadcast coverage area includes eight counties in Ohio and three in Pennsylvania, as well as many other listeners throughout the country and around the world through its streaming services and smartphone applications. With the continued support of the University's Board of Trustees and administration, the generous loyalty of the Station's listener-members, and the support of businesses, non-profit organizations, and foundations, WYSU-FM has maintained stability during challenging economic times.

Membership and underwriting, the Station's two streams of public support, continue to be a crucial element in the Station's future. In fiscal year 2020, the Station's development staff plan on continuing to enhance planned giving efforts, developing more major gift and grant writing programs by identifying and cultivating prospects in those areas, and promoting a more robust vehicle donation program through its partnership with Charitable Adult Rides & Services (CARS). CARS is a non-profit agency that has assisted the Station in updating their vehicle donation webpage, on-air spot rotation, print materials, and social media materials. With the closing of GM Lordstown and the Youngstown Vindicator, management is aware of the possibility that businesses and individual donors may be less likely to purchase underwriting and make donations. These local closings have created highly competitive conditions for support in an already difficult market. The Station will be preparing to meet the challenge of attracting new clients from the five county area, rather than solely relying on clients in the immediate geographical area.

Major projects for fiscal year 2020 and beyond include the installation of a new transmitter and a licensed bidirectional link between the WYSU-FM studios and the transmitter. Replacement of the Station's streaming encoder and reassessment of encoding settings will result in an improved listener experience and more operational reliability. The development and implementation of a continuous update policy for the WYSU-FM's automation system will also be defined to tighten security on the Station's most critical network. Completion of these projects will allow the Station to continue to provide its listeners with a direct, personal connection to the University, as well as offer numerous lifelong learning opportunities through the Station's fine arts and news and information programming.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF NET POSITION AT JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,669,985	\$ 1,645,015
Interest receivable	326	173
Accounts receivable (net of allowance of \$1,733 in 2019 and \$589 in 2018)	14,491	12,282
Pledges receivable (net of allowance of \$3,408 in 2019 and \$2,773 in 2018)	12,819	11,831
Prepaid expenses	-	232
Total Current Assets	1,697,621	1,669,533
Noncurrent Assets		
Restricted investments	215,731	205,309
Capital assets, net	91,269	125,483
Total Noncurrent Assets	307,000	330,792
Total Assets	2,004,621	2,000,325
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	231,845	97,249
Deferred outflows related to OPEB	121,951	24,885
Total Deferred Outflows of Resources	353,796	122,134
 LIABILITIES		
Current Liabilities		
Accounts payable	3,793	4,543
Payroll liabilities	18,768	17,633
Unearned revenue	140,826	146,482
Compensated absences	7,721	7,002
Total Current Liabilities	171,108	175,660
Noncurrent Liabilities		
Compensated absences	69,949	99,291
Net pension liability	873,855	503,458
Net OPEB liability	303,125	338,157
Total Noncurrent Liabilities	1,246,929	940,906
Total Liabilities	1,418,037	1,116,566
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	21,378	135,943
Deferred inflows related to OPEB	13,122	25,190
Total Deferred Inflows of Resources	34,500	161,133
 NET POSITION		
Net investment in capital assets	91,269	125,483
Restricted, nonexpendable	108,153	108,153
Restricted, expendable	108,580	225,242
Unrestricted	597,878	385,882
Total Net Position	\$ 905,880	\$ 844,760

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	\$ 130,459	\$ 133,374
In-kind contributions	156,394	160,178
Broadcast Education Media Commission grant	33,198	33,198
Underwriting revenue	116,990	112,079
Total Operating Revenues	437,041	438,829
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	501,982	518,856
Broadcasting	222,432	255,674
Program information	66,326	62,755
Traffic and continuity	14,617	16,627
Support Services		
Management and general	284,367	337,926
Fund raising and membership development	51,128	89,615
Underwriting	104,150	124,888
Clerical	98,391	109,436
Depreciation	34,214	34,215
Total Operating Expenses	1,377,607	1,549,992
Operating Loss	(940,566)	(1,111,163)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	518,883	559,437
Donated facilities and administrative support from the University	196,064	201,239
Membership revenue	279,808	259,020
Net revenues from fund raising	-	19,833
Investment income, net of investment expense	19,931	15,463
Net Nonoperating Revenues	1,014,686	1,054,992
Loss Before Other Revenues, Expenses, and Changes	74,120	(56,171)
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital gifts	-	12,520
Other	(13,000)	-
Total Other Revenues, Expenses, and Changes	(13,000)	12,520
Change in Net Position	61,120	(43,651)
NET POSITION		
Net Position at Beginning of the Year	844,760	888,411
Net Position at End of the Year	\$ 905,880	\$ 844,760

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
Cash Flows from Operating Activities		
Corporation for Public Broadcasting grant	\$ 126,447	\$ 130,459
Broadcast Educational Media Commission grant	33,198	33,198
Underwriting support	113,354	113,425
Payments to suppliers	(350,007)	(412,729)
Payments to employees	(494,644)	(495,056)
Payments for benefits	(197,452)	(180,058)
Total Cash Flows Used in Operating Activities	(769,104)	(810,761)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	518,883	559,437
Membership receipts	278,835	259,024
Fundraising receipts	-	19,833
Payments for fundraising	-	-
Other	(13,000)	-
Total Cash Flows Provided by Noncapital Financing Activities	784,718	838,294
Cash Flows from Investing Activities		
Interest on investments	19,778	15,567
(Purchase) sale of investments	(10,422)	(6,511)
Total Cash Flows Provided by Investing Activities	9,356	9,056
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts	-	12,520
Total Cash Flows Provided by Capital and Related Financing Activities	-	12,520
Change in Cash and Cash Equivalents	24,970	49,109
Cash and Cash Equivalents, Beginning of Year	1,645,015	1,595,906
Cash and Cash Equivalents, End of Year	\$ 1,669,985	\$ 1,645,015
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (940,566)	\$ (1,111,163)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	34,214	34,215
Donated facilities and administrative support from the University	196,064	201,239
Changes in assets and liabilities:		
Accounts receivable, net	(2,224)	1,785
Prepaid expenses	232	(232)
Accounts payable, payroll liabilities, compensated absences, and unearned revenue	(33,894)	(504)
Net pension/OPEB liability	335,365	(221,339)
Deferred outflows-pension and OPEB	(231,662)	142,923
Deferred inflows-pension and OPEB	(126,633)	142,315
Net Cash Flows Used in Operating Activities	\$ (769,104)	\$ (810,761)

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

As required by the GASB, resources are classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets - Capital assets, net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted, nonexpendable - Resources subject to externally imposed stipulations that they be maintained permanently by the Station. Such resources include the Station's permanent endowment fund corpus balance.
- Restricted, expendable - Resources whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time. Such resources include the restricted portion of the CPB's Radio Community Service Grant, donations, and endowment earnings.
- Unrestricted - Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for Station programs, initiatives, and capital projects.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 the GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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

Investments - Investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Endowment Policy - The University Endowment Fund consists of 95 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. The University's endowment spending policy states that annual distributions each fiscal year are set to 5% of the twelve-quarter average of the market value for the preceding twelve calendar quarters. In calculating the twelve-quarter average, census dates of March 31, June 30, September 30, and December 31 for the previous three years shall be used. Distributions greater than the calculated amount require written justification and Board of Trustees' approval.

Accounts Receivable - Accounts receivable consist of underwriting charges for various Station programs and amounts due from private sources in connection with reimbursement of allowable expenses under the applicable Station grants and contracts. Also included are gifts received by the YSU Foundation in the month of June on behalf of the Station, in accordance with a development services agreement between the University and the Foundation. Accounts are recorded net of allowance for uncollectible accounts.

Pledges Receivable - Pledges receivable consist of transactions relating to fundraising activities. The Station receives pledges of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value. The University entered into a development services agreement with the Foundation. As part of the agreement, non-fundraising pledges are recorded by the Foundation. Payments on those pledges are collected by the Foundation and remitted to the Station on a monthly basis.

Capital Assets - Capital assets are comprised of equipment and stated at cost or acquisition value at date of gift. The capitalization threshold for equipment is \$5,000. Depreciation is computed

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

using the straight-line method over the estimated useful life of the asset. The estimated useful life for equipment is 3 to 7 years. The antenna and tower are depreciated over 10 years.

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

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

Compensated Absences - Accumulated unpaid vacation and sick leave benefits are recorded as required by the GASB. The Station uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

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

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

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

Donated Facilities and Administrative Support - Donated facilities and administrative support represent the Station's allocated amounts of institutional support and donated facilities and is recorded as non-operating 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.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 non-operating revenues are the general appropriation from the University and membership support.

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

Management's Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes to financial statements. Actual results could differ from these estimates.

Adoption of New Accounting Pronouncements - In fiscal year 2019, the provisions of the following GASB Statements became effective:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

- GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, issued August 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

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

Reclassification – Certain reclassifications have been made to the fiscal year 2018 amounts to conform with the fiscal year 2019 presentation. These reclassifications had no effect on the total net position or change in net position.

Note 2 – Cash and Cash Equivalents

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

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The University's cash and cash equivalents at June 30, 2019 and June 30, 2018 consisted of the following:

	2019	2018
Carrying Amount (Cash and cash equivalents)	<u>\$ 17,124,401</u>	<u>\$ 24,301,741</u>
FDIC Insured	\$ 3,276,286	\$ 3,250,000
Uninsured but collateralized by pools of securities pledged by the depository banks	6,851,051	1,718,276
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	<u>8,701,866</u>	<u>9,696,643</u>
Bank Balance	<u>\$ 18,829,203</u>	<u>\$ 14,664,919</u>

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks. At June 30, 2018, a \$10,610,139 transfer from the Star Plus account to the Star Ohio account was in transit and outstanding. Deposits held in safekeeping by a bank, as trustee or escrow agent, included in cash totaled \$17,028 at June 30, 2019 and \$24,870 at June 30, 2018, which approximates market. These deposits, including interest on the investments, are retained in the trust for projects funded by bond proceeds and payment of principal and interest on outstanding indebtedness. The University's Star Plus account deposits are federally insured and totaled \$2,526,286 at June 30, 2019 and \$2,500,000 at June 30, 2018.

The Station's cash and cash equivalents are included in these totals and were \$1,669,985 and \$1,645,015 at June 30, 2019 and June 30, 2018, 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, 2019 and June 30, 2018, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 3 - Investments

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

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

and risk, and maintenance of required levels of liquidity in the overall portfolio to meet cash flow requirements.

The University utilizes an investment advisor and investment managers for endowment funds. University endowment investments were \$10,338,298 as of June 30, 2019 and \$9,369,313 as of June 30, 2018. The Station's restricted investments represent WYSU-FM's endowment fund, which includes endowment corpus and undistributed investment earnings. Investment income is allocated to the Station's endowment fund on a monthly basis based on the value of WYSU-FM's endowment fund in relation to the total value of the University's endowments. The fair value of the Station's endowment investments were \$215,731 as of June 30, 2019 and \$205,309 as of June 30, 2018.

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, 2019, the Station had the following investments measured at fair value:

	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
U.S. Government Obligations	\$ -	\$ 10,570	\$ -	\$ 10,570
Corporate Bonds	-	20,279	-	20,279
U.S. Government Bonds	-	10,355	-	10,355
Bond Mutual Funds	3,236	-	-	3,236
Preferred Stock	-	6,472	-	6,472
Common Stock	142,814	-	-	142,814
Equity Mutual Funds	22,005	-	-	22,005
Totals	<u>\$ 168,055</u>	<u>\$ 47,676</u>	<u>\$ -</u>	<u>\$ 215,731</u>

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

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

As of June 30, 2019, the Station had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Obligations	\$ 10,570	\$ 4,314	\$ 6,256	\$ -	\$ -
Corporate Bonds	20,279	-	20,279	-	-
U.S. Government Bonds	10,355	4,099	6,256	-	-
Bond Mutual Funds	3,236	3,236	-	-	-
Preferred Stock	6,472	6,472	-	-	-
Common Stock	142,814	142,814	-	-	-
Equity Mutual Funds	22,005	22,005	-	-	-
Totals	\$ 215,731	\$ 182,940	\$ 32,791	\$ -	\$ -

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

As of June 30, 2018, the Station had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Corporate Bonds	\$ 25,048	\$ 4,312	\$ 15,193	\$ 5,543	-
U.S. Government Bonds	12,729	6,159	6,570	-	-
Bond Mutual Funds	3,285	3,285	-	-	-
Preferred Stock	6,775	6,775	-	-	-
Common Stock	133,861	133,861	-	-	-
Equity Mutual Funds	23,611	23,611	-	-	-
Totals	\$ 205,309	\$ 178,003	\$ 21,763	\$ 5,543	\$ -

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

As of June 30, 2019, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 20,279	\$ 5,527	\$ 6,331	\$ 8,421	\$ -	\$ -
U.S. Government Bonds	10,355	10,355	-	-	-	-
Bond Mutual Funds	3,236	771	799	352	1,138	176
Totals	<u>\$ 33,870</u>	<u>\$ 16,653</u>	<u>\$ 7,130</u>	<u>\$ 8,773</u>	<u>\$ 1,138</u>	<u>\$ 176</u>

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

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

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, 2019 and 2018, 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, 2019 and 2018, 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.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Antenna and tower	\$ 548,857	\$ -	\$ 36,251	\$ 512,606
Studio and broadcast equipment	269,421	-	-	269,421
Total cost	818,278	-	36,251	782,027
Less: Accumulated depreciation	692,795	34,214	36,251	690,758
Capital assets, net	<u>\$ 125,483</u>	<u>\$ (34,214)</u>	<u>\$ -</u>	<u>\$ 91,269</u>

Capital assets activity for the year ended June 30, 2018 was as follows:

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

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2019 and June 30, 2018 consisted of the following:

	2019	2018
Corporation for Public Broadcasting grant	\$ 126,447	\$ 130,459
Underwriting agreements	14,379	16,023
Total unearned revenue	<u>\$ 140,826</u>	<u>\$ 146,482</u>

Note 6 – Compensated Absences

Compensated Absences at June 30, 2019 and June 30, 2018 were as follows:

	2019	2018
Beginning Balance	\$ 106,293	\$ 113,463
Additions	-	-
Reductions	28,623	7,170
Ending Balance	77,670	106,293
Less: current portion	7,721	7,002
Compensated Absences, noncurrent portion	<u>\$ 69,949</u>	<u>\$ 99,291</u>

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 7 – Retirement Plan

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

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

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

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

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

Plan Description

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

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

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

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

Benefits Provided

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

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

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

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service credit for the first 30 years of service credit and 2.5% for years of service credit in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service credit in excess of 35. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Member-Directed participants must have attained the age of 55, have money on deposit in the Defined Contribution Plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions, and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period at the rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts.

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

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

Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual cost-of-living adjustment is provided on the member's base benefit and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their benefit. The cost-of-living adjustment varies somewhat, but is generally defined as the Consumer Price Index not to exceed 3%. A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and the Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. For the years ended June 30, 2019 and June 30, 2018, the employee contribution rate was 10% and the employer contribution rate was 14%. The Station's contributions to OPERS were \$66,200, \$66,396, and \$64,328 for the fiscal years ended June 30, 2019, 2018, and 2017, respectively. There were no contributions made to the ARP for the fiscal years ended June 30, 2019, 2018 and 2017. 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, 2019 and June 30, 2018, the Station reported a liability of \$873,855 and \$503,458, respectively for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2018 and December 31, 2017 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 0.003204% and 0.003238% for 2019 and 2018, respectively.

Total pension expense for the years ended June 30, 2019, June 30, 2018, and June 30, 2017, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, was \$186,901, \$103,890, and \$154,034, respectively. Pension expense is allocated to the Station's functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

At June 30, 2019 and June 30, 2018, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 353	\$ 12,994	\$ 847	\$ 11,432
Net difference between projected and actual earnings on pension plan investments	119,899	-	-	109,783
Change in assumptions	77,823	611	62,350	1,245
Change in proportionate share of contributions	116	7,773	101	13,483
Station contributions subsequent to the measurement date	33,654	-	33,951	-
Totals	\$ 231,845	\$ 21,378	\$ 97,249	\$ 135,943

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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	
2020	\$	74,357
2021		35,244
2022		10,957
2023		56,242
2024		(27)
Thereafter		40
Totals	\$	<u>176,813</u>

Actuarial Assumptions

For the June 30, 2019 and June 30, 2018 financial statements, 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 12/31/18	Actuarial Assumptions as of 12/31/17
Actuarial cost method	Individual entry age	Individual entry age
Cost of living	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple	Pre 1/7/2013 retirees: 3% simple, Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Salary increases, including inflation	3.25%-10.75%	3.25%-10.75%
Inflation	3.25%	3.25%
Investment rate of return	7.2%	7.5%
Experience study date	5-year period ended December 2015	5-year period ended December 2015
Mortality basis	RP-2014 combined mortality table	RP-2014 combined mortality table

Discount rate

The discount rate used to measure the total pension liability was 7.20% as of June 30, 2019 and 7.50% as of June 30, 2018. 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,

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The rate of return is arithmetic and determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

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

Asset Class	As of 12/31/18		As of 12/31/17	
	Target Allocation	Long-Term	Target Allocation	Long-Term
		Expected Real Rate of Return		Expected Real Rate of Return
Fixed income	23.0%	2.79%	23.0%	2.20%
Domestic equity	19.0%	6.21%	19.0%	6.37%
International equity	20.0%	7.83%	20.0%	7.88%
Real estate	10.0%	4.90%	10.0%	5.26%
Private equity	10.0%	10.81%	10.0%	8.97%
Other	18.0%	5.50%	18.0%	5.26%
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.

June 30,	(\$ in thousands)					
	1% Decrease	Current Discount Rate	1% Increase			
2019	6.20% \$ 1,295	7.20% \$ 874	8.20% \$ 524			
2018	6.50% \$ 899	7.50% \$ 503	8.50% \$ 173			

Pension plan fiduciary net position

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Payable to the Pension Plan

The Station reported a payable of \$10,828 and \$11,248 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 8 – Other Post-Employment Benefits (OPEB)

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Plan Description

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

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

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

Funding Policy

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% during calendar year 2018, 1.0% during calendar year 2017, and 2.0% during calendar year 2016. The portion of the Station's calendar year 2018, 2017 and 2016 contributions to OPERS used to fund post-retirement benefits was \$535, \$4,947, and \$9,330, respectively.

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

At June 30, 2019, the Station reported a liability of \$303,125 and at June 30, 2018, the Station reported a liability of \$338,157 for its proportional share of the net OPEB liability of OPERS. The net OPEB liability was measured as of December 31, 2018 and December 31, 2017, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates. The Station's proportion of the net OPEB liability

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

was based on its contributions to the OPEB plan relative to the contributions of all participating reporting units. The Station's proportionate share was .002325% and 0.003114% for 2019 and 2018, respectively.

Total OPEB expense for the years ended June 30, 2019 and June 30, 2018 including employer contributions and accruals associated with recognition of net OPEB liabilities and related deferrals was (\$143,631) and \$26,405, respectively. OPEB expense is allocated to institutional functions on the Statement of Revenues, Expenses, and Changes in Net Position.

At June 30, 2019 and June 30, 2018, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234	\$ 953	\$ 263	\$ -
Net difference between projected and actual earnings on OPEB plan investments	13,897	-	-	25,190
Changes in assumptions	21,943	12,169	24,622	-
Change in proportionate share of contributions	85,602	-	-	-
University contributions subsequent to the measurement date	275	-	-	-
Totals	<u>\$ 121,951</u>	<u>\$ 13,122</u>	<u>\$ 24,885</u>	<u>\$ 25,190</u>

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

Year Ended June 30	Amount
2020	\$ 42,872
2021	38,822
2022	4,609
2023	10,906
2024	2,708
Thereafter	8,637
Totals	<u>\$ 108,554</u>

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Actuarial Assumptions

For the June 30, 2019 and June 30, 2018 financial statements, the total OPEB liability is based on the results of actuarial valuations and determined using the following actuarial assumptions applied to all periods included in the measurement:

	OPERS as of 12/31/18	OPERS as of 12/31/17
Actuarial cost method	Individual entry age	Individual entry age
Salary increases, including inflation	3.25%-10.75%	3.25%-10.75%
Inflation	3.25%	3.25%
Investment rate of return	6%	6.50%
Single discount rate	3.96%	3.85%
Municipal bond rate	3.71%	3.31%
Health care cost trends	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028
Experience study date	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Mortality basis	RP-2014 combined mortality table	RP-2014 combined mortality table

Discount rate

The discount rate used to measure the total OPEB liability was 3.96% at June 30, 2019 and 3.85% at June 30, 2018. This single discount rate represents the long-term expected rate of return of 6% on the health care investment portfolio and a 3.71% municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date. The rate of return is determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target allocation.

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

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

OPERS as of 12/31/18			OPERS as of 12/31/17		
Asset Class	Target Allocation	Long-Term	Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return			Expected Real Rate of Return
Fixed income	34.0%	2.42%	Fixed income	34.0%	1.88%
Domestic equity	21.0%	6.21%	Domestic equity	21.0%	6.37%
REITs	6.0%	5.98%	REITs	6.0%	5.91%
International equity	22.0%	7.83%	International equity	22.0%	7.88%
Other	17.0%	5.57%	Other	17.0%	5.39%
Totals	<u>100.0%</u>		Totals	<u>100.0%</u>	

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

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

June 30, 2019 (\$ in thousands)						
Plan	1% Decrease		Current Discount Rate		1% Increase	
OPERS	2.96%	\$ 338	3.96%	\$ 303	4.96%	\$ 236
Plan	1% Decrease		Current Trend Rate		1% Increase	
OPERS		\$ 291		\$ 303		\$ 317
June 30, 2018 (\$ in thousands)						
Plan	1% Decrease		Current Discount Rate		1% Increase	
OPERS	2.85%	\$ 449	3.85%	\$ 338	4.85%	\$ 248
Plan	1% Decrease		Current Trend Rate		1% Increase	
OPERS		\$ 323		\$ 338		\$ 353

OPEB plan fiduciary net position

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

Payable to the OPEB Plan

The Station reported no amounts payable for outstanding contributions to the OPEB plan required for the year ended June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Note 9 - 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 received on a monthly basis.

The operations of WYSU-FM are supported by general appropriations from the University. The University's support allocation totaled \$518,883 and \$559,437 in direct support for fiscal years 2019 and 2018, respectively, and \$196,064 and \$201,239 in indirect administrative support and donated facilities.

Note 10 – Risk Management

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Station's Proportionate Share of the Net Pension Liability Plan Years Ended 2014 to 2018

Plan Year	Station's proportion of the net pension liability (asset)	Station's proportionate share of the net pension liability (asset)	Station's covered payroll	Station's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Ohio Public Employees Retirement System (OPERS)					
2018	0.003204%	\$ 873,885	\$ 473,020	184.74%	78.00%
2017	0.003238%	\$ 503,458	\$ 464,796	108.32%	79.00%
2016	0.003304%	\$ 748,429	\$ 461,655	162.12%	80.00%
2015	0.003450%	\$ 595,414	\$ 462,132	128.84%	80.00%
2014	0.003470%	\$ 416,913	\$ 445,112	93.66%	84.00%

The plan year ends on December 31 for OPERS. This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Schedule of the Station's Pension Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	Station's covered payroll	Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
Ohio Public Employees Retirement System (OPERS)					
2019	\$ 65,665	\$ 65,665	\$ -	\$ 472,860	13.89%
2018	\$ 63,928	\$ 63,928	\$ -	\$ 474,256	13.48%
2017	\$ 57,269	\$ 57,269	\$ -	\$ 459,488	12.47%
2016	\$ 55,912	\$ 55,912	\$ -	\$ 465,061	12.02%
2015	\$ 55,579	\$ 55,579	\$ -	\$ 461,406	12.05%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Station's Proportionate Share of the Net OPEB Liability (Asset) Plan Years Ended 2017 to 2018

Plan Year	Station's proportion of the net OPEB liability (asset)	Station's proportionate share of the net OPEB liability (asset)	Station's covered payroll	Station's proportionate share of the collective net OPEB liability as a percentage of the employer's covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
Ohio Public Employees Retirement System (OPERS)					
2018	0.002325%	\$ 303,125	\$ 473,020	64.09%	65.40%
2017	0.003114%	\$ 338,157	\$ 464,796	72.76%	60.70%

The plan year ends on December 31 for OPERS. This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Schedule of the Station's OPEB Contributions

Fiscal Year	Statutorily required contribution	Contributions in relation to the statutorily required contributions	Annual contribution deficiency	Station's covered payroll	Contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered payroll
Ohio Public Employees Retirement System (OPERS)					
2019	\$ 535	\$ 535	\$ -	\$ 472,860	0.11%
2018	\$ 2,468	\$ 2,468	\$ -	\$ 474,256	0.52%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

SUPPLEMENTARY INFORMATION

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT FOR THE YEAR ENDED JUNE 30, 2019

Direct Income	\$	952,475
Indirect Administrative Support		196,064
In-Kind Contributions of Services and Other Assets		<u>148,242</u>
Total Nonfederal Financial Support	\$	<u><u>1,296,781</u></u>

**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, 2019, 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 26, 2019.

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, 2019, 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 LLP

Columbus, Ohio
November 26, 2019



YOUNGSTOWN STATE UNIVERSITY

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 19, 2019**