WCSU-FM
(A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY CENTRAL STATE UNIVERSITY)
Wilberforce, Ohio

FINANCIAL STATEMENTS
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Management and the Board of Trustees
Central State University
Wilberforce, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of WCSU-FM, Central State University Radio Station (the "Station"), as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Station's 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.

(Continued)

Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Central 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 Central State University as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 to 5, the Schedule of the Station's Proportionate Share of the Net Pension Liability and the Schedule of the Station's Contributions on pages 19 and 20 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated January 11, 2018 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
January 11, 2018

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of WCSU-FM (the "Station"), which is owned and operated by Central State University (the "University"). The report consists of three financial statements that provide information on the radio station: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 6 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector institutions. Net position - the difference between assets plus deferred outflows and liabilities plus deferred inflows - is one way to measure the financial activities of the Station. Unrestricted net position decreased by $55,196 during fiscal year 2017 and $45,773 during fiscal year 2016 due to decreased revenue from the Corporation for Public Broadcasting and increased expenses.

Net investment in capital assets decreased by $14,270 during 2017 and decreased by $9,503 during 2016 due to depreciation exceeding additions. Total net position decreased $55,196 and $45,773 during fiscal years 2017 and 2016, respectively.

Total assets increased by $69,287 during 2017 and increased by $37,276 during 2016; the increase in 2017 is primarily attributable to an increase of $57,665 in cash held by the University, mainly due to an increase in deferred grant income of $49,315 and an increase in prepaid expenses of $25,892.The increase in 2016 is primarily attributable to an increase of $50,743 in cash held by the University, mainly due to an increase in deferred grant income of $53,639.

Total liabilities increased by $8,554 in 2017 and increased by $161,166 in 2016. The increase in 2017 was related to an increase in deferred revenue, offset by a decrease in the net pension liability in accordance with GASB 68. The increase in 2016 was related primarily to an increase in the net pension liability in accordance with GASB 68, together with an increase in unearned revenue.

	2017	2016	2015
Assets			
Current assets	$ 447,397	$ 363,840	$ 317,061
Capital assets - net of depreciation	21,292	35,562	45,065
Total assets	$ 468,689	$ 399,402	$ 362,126
Deferred outflows of resources	$ 63,064	$ 93,611	$ 13,456
Liabilities			
Current liabilities	279,963	226,758	148,445
Net pension liability	176,499	221,150	138,297
Total liabilities	$ 456,462	$ 447,908	$ 286,742
Deferred inflows of resources	$ 89,997	$ 4,615	$ 2,577
Net position			
Net investment in capital assets	21,292	35,562	45,065
Unrestricted	(35,998)	4,928	41,198
Total net position	$ (14,706)	$ 40,490	$ 86,263

(Continued)

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the Station.

	2017	2016	2015
Operating revenue			
Corporation for Public Broadcasting	$ 78,318	$ 100,996	$ 147,497
State Network Commission and private grants	38,532	24,369	20,729
Contributions	1,248	1,650	56,283
Contributed services	84,292	89,247	84,199
Non-operating revenue			
Net investment income	18,821	2,233	5,940
Miscellaneous income	-	-	-
University support	476,573	512,275	482,652
Total revenue	697,784	730,770	797,300
Operating expenses			
Program services			
Programming and production	245,340	257,180	238,214
Broadcasting and engineering	84,292	89,246	84,200
Program information and promotion	35,049	36,740	34,031
Support services			
Management and general	388,299	393,377	385,295
Total operating expenses	752,980	776,543	741,740
Increase (decrease) in net position	(55,196)	(45,773)	55,560
Net position - beginning of year	40,490	86,263	30,703
Net position - end of year	$ (14,706)	$ 40,490	$ 86,263

Operating revenue decreased by $13,872 or 6.4 percent during fiscal year 2017; Corporation for Public Broadcasting (CPB) decreased by $22,678 (22.5 percent), State Network Commission increased by $14,163 (58.1 percent), contributions decreased by $402 (24.4 percent) and contributed services decreased by $4,955 (5.6 percent). The increase in State Network Commission is due to an increase of State funding from eTech Ohio as well as an extension that was granted on prior year funds.

Operating revenue decreased by $92,446, or 29.9 percent during fiscal year 2016; Corporation for Public Broadcasting (CPB) decreased by $46,501 (31.5 percent), State Network Commission increased by $3,640 (17.6 percent), contributions decreased by $54,633 (97.1 percent) and contributed services increased by $5,047 (6.0 percent). The increase in State Network Commission is due to an increase of State funding from eTech Ohio. The decrease in contributions is due to a one-time $50,000 gift being received by the Station in 2015.

(Continued)

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. Cash consists of the Station's share of University and Foundation pooled cash and investments.

	2017	2016	2015
Cash used in operating activities	$ (133,797)	$ (157,159)	$ (126,910)
Cash provided by noncapital financing activities	172,641	211,482	189,172
Cash used in capital and related financing activities	-	(9,600)	(14,358)
Cash flows from investing activities	18,821	2,233	-
Increase in cash	57,665	46,956	47,904
Cash - beginning of year	363,840	316,884	268,980
Cash - end of year	$ 421,505	$ 363,840	$ 316,884

The Station consumed $133,797 and $157,159 in operating activities in 2017 and 2016, respectively. The primary operating cash receipts consist of grants and contracts of $167,413 and $180,831 for 2017 and 2016, respectively. Cash outlays include payments for wages and to vendors of $301,210 and $337,990 for 2017 and 2016, respectively. The primary noncapital financing activities consist of support from the University.

For 2017 and 2016, the primary capital and related financing activities consist of cash used to purchase capital assets.

Economic Factors that Will Affect the Future

The station has recently hired a new General Manager with significant experience in the radio industry. New and aggressive fundraising initiatives are planned with increased level of involvement with corporate and community stakeholders.

WCSU-FM
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash held by the University	$ 247,285	$ 206,743
Cash held by the Foundation	174,220	157,097
Prepaid expenses	25,892	-
Total current assets	447,397	363,840
Capital assets - net	21,292	35,562
Total assets	468,689	399,402
Deferred outflows of resources		
Pension	63,064	93,611
Liabilities and net position		
Current liabilities		
Unearned revenue	251,399	202,084
Accounts payable	28,564	24,674
Total current liabilities	279,963	226,758
Net pension liability	176,499	221,150
Total liabilities	456,462	447,908
Deferred inflows of resources		
Pension	89,997	4,615
Net position		
Unrestricted	(35,998)	4,928
Net investment in capital assets	21,292	35,562
Total net position	$ (14,706)	$ 40,490

See accompanying notes to financial statements.

	2017	2016
Support and revenue		
Corporation for Public Broadcasting	$ 78,318	$ 100,996
State Network Commission	38,532	24,369
Contributions	1,248	1,650
Contributed services	84,292	89,247
Total support and revenue	202,390	216,262
Expenses		
Program services		
Programming and production	245,340	257,180
Broadcasting and engineering	84,292	89,246
Program information and promotion	35,049	36,740
Support services		
Management and general	388,299	393,377
Total expenses	752,980	776,543
Operating loss	(550,590)	(560,281)
Non-operating revenue		
Net investment income	18,821	2,233
University support	476,573	512,275
Total non-operating revenue	495,394	514,508
(Decrease) in net position	(55,196)	(45,773)
Net position - beginning of year	40,490	86,263
Net position - end of year	$ (14,706)	$ 40,490

See accompanying notes to financial statements.

WCSU-FM
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Grants and contracts	$ 167,413	$ 180,831
Payments to employees	(180,266)	(168,198)
Payments to vendors	(120,944)	(169,792)
Net cash used in operating activities	(133,797)	(157,159)
Cash flows from noncapital financing activities		
University support	172,641	211,482
Cash flows from capital and related financing activities		
Purchase of capital assets	-	(9,600)
Cash flows from investing activities		
Interest on investments	18,821	2,233
Increase in cash	57,665	46,956
Cash - beginning of year	363,840	316,884
Cash - end of year	$ 421,505	$ 363,840
Reconciliation of operating loss to net cash from operating activities		
Operating loss	$ (550,590)	$ (560,281)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	14,270	19,103
Donated facilities and administrative support from University	303,933	300,793
Changes in assets and liabilities:		
Prepaid expenses	(25,892)	-
Pledges receivable	-	177
Accounts payable	3,890	24,674
Pension expense	71,278	4,736
Unearned revenue	49,315	53,639
Net cash used in operating activities	$ (133,797)	$ (157,159)

See accompanying notes to financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization: WCSU-FM (the "Station") is a radio station owned and operated by Central State University (the "University"), a state-supported, public university. WCSU-FM is located on the campus of the University in Wilberforce, Ohio.

Basis of Presentation: WCSU-FM reports as a "business-type activity," as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The financial statements of the Station have been prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recorded when the related liability has been incurred. These statements are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Central 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 Central State University as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Net Position Classifications: In accordance with GASB Statement No. 35 guidelines, WCSU-FM's resources are classified into the following two net position categories:

Net investment in capital assets: Capitalized physical assets net of accumulated depreciation.

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.

Operating Versus Non-operating Revenue and Expenses: WCSU-FM defines operating activities as reported on the statement of revenue, expenses, and changes in net position as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received.

Income Taxes: Under Internal Revenue Code Section 501(c)(3), the operations of WCSU-FM are exempt from income taxes as part of the overall operations of the University as a political subdivision of the State of Ohio.

Cash held by the University: The financial records for WCSU-FM are maintained as a part of the operations of the University. Separate fund account activities are maintained to account for the operations of WCSU-FM. Consequently, funds deposited on account for WCSU-FM are reflected in the financial statements as cash held by the University.

Cash held by the Foundation: WCSU-FM maintains a balance with the Central State University Foundation for the purpose of receiving contributions donated used in support of the radio station. The Foundation cash accounts are maintained as a pool and the funds deposited on account for WCSU-FM are reflected in the financial statements as cash held by the Foundation.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of the gift. The University capitalizes all assets with a useful life greater than one year and a value in excess of $5,000. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the net investment in capital assets component of net position is adjusted as appropriate. Capital assets, are depreciated on the straight-line method over their estimated useful lives, ranging from 5 to 15 years.

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue: Unearned revenue represents grant monies received from grants and contract sponsors that have not been earned.

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

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

Functional Allocation of Expenses: The costs of providing program and support services have been reported on a functional basis in the statement of revenue, expenses, and changes in net position. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

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

NOTE 2 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017			
	Beginning Balance	Additions	Retirements	Ending Balance
Office equipment	$ 15,082	$ -	$ -	$ 15,082
Telecommunications equipment	480,774	-	-	480,774
Total	495,856	-	-	495,856
Less accumulated depreciation:				
Office equipment	15,082	-	-	15,082
Telecommunications equipment	445,212	14,270	-	459,482
Total accumulated depreciation	460,294	14,270	-	474,564
Capital assets - net	$ 35,562	$ (14,270)	$ -	$ 21,292

(Continued)

NOTE 2 - CAPITAL ASSETS (Continued)

	2016			
	Beginning Balance	Additions	Retirements	Ending Balance
Office equipment	$ 15,082	$ -	$ -	$ 15,082
Telecommunications equipment	471,174	9,600	-	480,774
Total	486,256	9,600	-	495,856
Less accumulated depreciation:				
Office equipment	15,082	-	-	15,082
Telecommunications equipment	426,109	19,103	-	445,212
Total accumulated depreciation	441,191	19,103	-	460,294
Capital assets - net	$ 45,065	$ (9,503)	$ -	$ 35,562

NOTE 3 - CORPORATION FOR PUBLIC BROADCASTING GRANTS

WCSU-FM receives grant funding from the Corporation for Public Broadcasting (CPB) to assist in the operations of WCSU-FM. The CPB grants consist of a Radio Community Service Grant (CSG), which is unrestricted in its use, and a National Program Production and Acquisition Grant (NPPAG), which is restricted to national programming activities. Recognition of the CPB grant revenue is deemed unearned until expenses are incurred. Any unused grant amounts at the end of the spending period must be returned to the granting agency. During 2017, $4,828 of unused funds were returned to the CPB. There were no amounts due to the CPB at 2017 or 2016.

NOTE 4 - STATE NETWORK COMMISSION GRANT AND CONTRIBUTED SERVICES

WCSU-FM receives unrestricted radio station funding through E-Tech Ohio (OET). For the years ended June 30, 2017 or 2016, WCSU-FM received cash support of $38,532 and $24,369, respectively. WCSU-FM received in-kind contributed services support from OET of $84,292 and $83,931 during 2017 or 2016, respectively. WCSU-FM also received volunteer services related to programming activities of $5,317 during 2016, however none was received in 2017.

NOTE 5 - UNIVERSITY SUPPORT ALLOCATION

The operations of WCSU-FM are supported primarily by the general revenue of the University. The University effectively covers all operating costs of WCSU-FM in excess of direct support received through grant awards and contributions attributable to WCSU-FM's operations. The University's support allocation totaled $172,641 and $211,482 in direct support for 2017 or 2016, respectively, and $303,932 and $300,793 in indirect administrative support and donated facilities for 2017 or 2016, respectively.

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NOTE 6 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2017 and 2016 is summarized as follows:

2017	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
Net pension liability	$ 221,150	$ -	$ 44,651	$ 176,499	$ -

2016	Beginning Balance	Additions	Reduction	Ending Balance	Current Portion
Net pension liability	$ 138,297	$ 106,401	$ 23,548	$ 221,150	$ -

NOTE 7 - RETIREMENT PLANS

Station employees are provided with pensions through the Ohio Public Employees Retirement System (OPERS). OPERS is a statewide cost-sharing multiple employer defined benefit pension plan. Authority to establish and amend benefits for OPERS is authorized by Chapters 145 of the Ohio Revised Code. OPERS issues a publicly available financial report. The OPERS report can be obtained at https://www.opers.org/investments/cafr.shtml.

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

OPERS Defined Benefit Plan pays service retirement benefits using a fixed formula based on age, years of service and salary. 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 employer contributions in an investment account and benefits are based on the member's account value.

OPERS Combined Plans offers features of both a defined benefit plan and a member-directed or defined contribution plan. In the combined plan, 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.

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.

<u>OPERS Benefits</u>

Under OPERS, retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service 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, 2023 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.

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NOTE 7 - RETIREMENT PLANS (Continued)

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

Under the Traditional Plan, for Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service 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 in excess of 35. Final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Under the Combined Plan, the benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's final average salary for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's final average salary and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

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

The OPERS law enforcement program consists of two separate divisions: Law Enforcement and Public Safety. Both groups of members are eligible for special retirement options under the Traditional Pension Plan and are not eligible to participate in the Member-Directed or Combined plans. Public Safety Group members may file an application for full retirement benefits at age 48 or older with 25 or more years of credited service or 52 or older with 15 or more years of credited service for Groups A and B. Public Safety Group C is eligible for benefits at age 52 or older with 25 years or at age 56 or older with 15 years. Those members classified as Law Enforcement officers are eligible for full retirement at age 52 or older with 15 or more years of credited service for Group A. Law Enforcement Group B is eligible at age 48 or older with 25 years or at age 52 or older with 15 years of service. Law Enforcement Group C is eligible at age 48 or older with 25 years of service or at age 56 with 15 years of service. Annual benefits under both divisions are calculated by multiplying 2.5% of final average salary by the actual years of service for the first 25 years of service credit, and 2.1% of final average salary for each year of service over 25 years. In 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 and the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. These options also permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

NOTE 7 - RETIREMENT PLANS (Continued)

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. Law Enforcement officers are immediately eligible for disability benefits if disabled by an on-duty illness or injury. 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. Law Enforcement and Public Safety personnel are eligible for survivor benefits immediately upon employment.

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

OPERS Contributions

Employer and member contribution rates are established by the OPERS Board subject to limits per Chapter 145 of the Ohio Revised Code. Under the OPERS plans, the employee contribution rate for the years ended June 30, 2017 and 2016 is 10% for all employees with the exception of law enforcement. The law enforcement contribution rate was 12.6% through December 31, 2013 and increased to 13% effective January 1, 2014. The employer contribution rate is 14% for all employees with the exception of law enforcement whose rate is 18.1%. For Member-Directed Plans, for the years ended June 30, 2017 and 2016, 13.23% was paid into the member's member-directed account and the remaining .77% was paid to OPERS, as required by state legislation, to cover unfunded liabilities.

The Station's contributions to OPERS were $15,964, $23,548, and $20,546 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively. The Station's contributions were equal to the required contributions for each year as set by state statute.

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

At June 30, 2017 and 2016, the Station reported a liability of $176,499 and $221,150, respectively for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of December 31, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Station's proportion of the net pension liability was based on the Station's long-term share of contributions to OPERS relative to the total projected long-term employer contributions received from all of OPERS' participating employers. At December 31, 2016 and 2015, the Station's proportion was 0.00078% and 0.00128% respectively, representing a 0.0005% decrease in proportionate share. At December 31, 2015 and 2014, the Station's proportion was 0.00128% and 0.00115%, respectively, representing a 0.00013% increase in proportionate share.

(Continued)

NOTE 7 - RETIREMENT PLANS (Continued)

The net pension liability and asset for the Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2016, and the total pension liabilities were determined by an actuarial valuation as of that date.

For the year ended June 30, 2017 and 2016, the Station recognized pension expense of $71,278 and $4,736, respectively. At June 30, 2017 and 2016, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 248	$ 1,210
Changes of assumptions	28,058	-
Net difference between projected and actual earnings on pension plan investments	26,349	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	-	88,787
Station contributions subsequent to the measurement date	8,409	-
Total	$ 63,064	$ 89,997

2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 27	$ 4,615
Net difference between projected and actual earnings on pension plan investments	65,804	-
Changes in proportion and differences between the difference between actual and proportionate share of contributions	15,706	-
Station contributions subsequent to the measurement date	12,074	-
Total	$ 93,611	$ 4,615

For 2017, deferred outflows of resources includes the University's proportionate share of the effects of changes in assumptions resulting from OPERS experience study for the period 2011 through 2015. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the expected rate of investment return from an 8.0% actuarially assumed rate of return down to 7.5%, for the defined benefit investments.

At June 30, 2017, the Station reported $8,409 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 year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to OPERS pensions will be recognized in pension expense as follows:

2018	$ (13,940)
2019	(15,561)
2020	(6,356)
2021	509
2022	5
Thereafter	1

(Continued)

NOTE 7 - RETIREMENT PLANS (Continued)

Actuarial Assumptions

OPERS Actuarial Assumptions

The total pension liability in the December 31, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2016	2015
Inflation	3.25%	3.75%
Salary increases (average, including inflation)	3.25%-10.75%	4.25% – 10.05%
Investment rate of return	7.50%	8.00%
Cost of living adjustment (simple)	3.00%	3.00%

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The actuarial assumptions used in the December 31, 2016 and 2015 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2011 and 2010, respectively.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and 2015 and the long-term expected real rates of return:

Asset Class Return	2016 Target Allocation	2016 Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.75%
Domestic equity	20.70	6.34
International equity	18.30	7.95
Real estate	10.00	4.75
Private equity	10.00	8.97
Other	18.00	4.92
Total	100.00%	

(Continued)

NOTE 7 - RETIREMENT PLANS (Continued)

Asset Class Return	2015 Target Allocation	2015 Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.31%
Domestic equity	20.70	5.84
International equity	18.30	7.40
Real estate	10.00	4.25
Private equity	10.00	9.25
Other	18.00	4.59
Total	100.00%	

Discount rate: The discount rate used to measure OPERS total pension liability was 8.0% as of December 31, 2016 and 2015. The projection of cash flows used to determine the discount rates assumed that employee and Station contributions will be made at the statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Station's proportionate share of the net pension liability to changes in the discount rate: The following presents the University's proportionate share of the OPERS pension plans net pension liability calculated using the discount rate of 7.5% and 8.0% at December 31 2016 and 2015, respectively, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

2017	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Station's proportionate share of the net pension liability	$ 270,141	$ 176,499	$ 98,485

2016	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Station's proportionate share of the net pension liability	$ 353,173	$ 221,150	$ 109,816

Pension plan fiduciary net position: Detailed information about OPERS fiduciary net position is available in a separately issued financial report. The financial report for OPERS may be obtained at www.opers.org or by writing to Ohio Public Employees Retirement System, Director-Finance, 277 East Town Street, Columbus, Ohio 43215-4642.

SCHEDULE OF THE STATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OPERS		2017
Station's proportion of the collective net pension liability (asset)		0.00078%
Station's proportionate share of the collective net pension liability (asset)	$	176,499
Station's covered-employee payroll		114,029
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll		154.78%
Plan fiduciary net position as a percentage of the total pension liability		77.38%
		2016
Station's proportion of the collective net pension liability (asset)		0.00128%
Station's proportionate share of the collective net pension liability (asset)	$	221,150
Station's covered-employee payroll		168,198
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll		131.48%
Plan fiduciary net position as a percentage of the total pension liability		81.19%
		2015
Station's proportion of the collective net pension liability (asset)		0.00115%
Station's proportionate share of the collective net pension liability (asset)	$	138,297
Station's covered-employee payroll		146,751
Station's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll		94.24%
Plan fiduciary net position as a percentage of the total pension liability		84.00%

Note to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE OF THE STATION'S CONTRIBUTIONS

OPERS		2017
Statutorily required contribution	$	15,964
Contributions in relation to the statutorily required contribution		15,964
Annual contribution deficiency		-
Station's covered-employee payroll		114,029
Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll		14.00%
		2016
Statutorily required contribution	$	23,548
Contributions in relation to the statutorily required contribution		23,548
Annual contribution deficiency		-
Station's covered-employee payroll		168,198
Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll		14.00%
		2015
Statutorily required contribution	$	20,546
Contributions in relation to the statutorily required contribution		20,546
Annual contribution deficiency		-
Station's covered-employee payroll		146,751
Contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percent of the employer's covered employee payroll		14.00%

Note to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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*

Management and the Board of Trustees
Central State University
Wilberforce, 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 WCSU-FM, Central State University Radio Station (the "Station"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Station's financial statements, and have issued our report thereon dated January 11, 2018.

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 Central 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 Central State University as of June 30, 2017, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
January 11, 2018