EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
Richmond, Kentucky

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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CONTENTS

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Eastern Kentucky University
Richmond, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of WEKU-FM Radio (the "Station"), a public broadcasting entity operated by Eastern Kentucky University, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(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, 2016 and 2015, and the changes in financial position and 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 Eastern Kentucky University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Eastern Kentucky University as of June 30, 2016 and 2015, 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7, the Schedule of the Station's Proportionate Share of the Net Pension Liability on page 38 and the Schedule of the Station's Contributions on page 39, 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 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.

Crowe Horwath LLP

Crowe Horwath LLP

Louisville, Kentucky
February 13, 2017

Introduction

Management's Discussion and Analysis ("MD&A") of the financial condition of WEKU-FM Radio (the "Station") provides an overview of the financial performance of the Station for the years ended June 30, 2016, with selected comparative information for the years ended June 30, 2015 and 2014. Management has prepared this discussion, along with the financial statements and related notes, to provide summary financial information. The amounts in the MD&A have been rounded to the nearest thousand, and the MD&A should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The financial statements indicate a mixed financial year as reflected in the financial statements.

Assets and deferred outflows were $1,193,000 at June 30, 2016 compared to $410,000 and $575,000 at June 30, 2015 and 2014, respectively. This was primarily the result of an increase of approximately $318,000 in cash and $483,000 in deferred outflows related to KERS/KTRS pension. Liabilities and deferred inflows were $1,206,000 at June 30, 2016, compared to $659,000 and $765,000 at June 30, 2015 and 2014, respectively. This was primarily the result of an increase of approximately $629,000 in the KTRS/KERS pension liability.

Operating revenues from contracts and grants for the year ended June 30, 2016 of $228,000 were $70,000 higher than the previous year. This is largely due to the Station's re-evaluation of funding uses.

Operating expenses were $1,834,000 at June 30, 2016 compared to $1,559,000 at June 30, 2015 and $1,516,000 at June 30, 2014. The loss from operations for the year ended June 30, 2016 was $1,606,000 compared to $1,400,000 loss from operations at June 30, 2015 and $1,258,000 at June 30, 2014. Nonoperating revenues of $1,842,000 for the year ended June 30, 2016 increased $500,000 compared to $1,342,000 for the year ended June 30, 2015 and $1,367,000 for the year ended June 30, 2014. This increase is primarily the result of significant increases in all categories of nonoperating revenues.

Total net position increased $236,000 from the combination of the loss from operations plus nonoperating revenues. Net position for the year ended June 30, 2016 was $(13,000) compared to $(249,000) for the year ended June 30, 2015.

Using this Annual Report

The financial statements consist of the Statements of Net Position as of June 30, 2016 and 2015, and the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows for the fiscal years then ended. These statements reflect both the financial position of the Station at the end of the fiscal years noted, as well as the results in operating and nonoperating activities and cash flows.

Statements of Net Position

The Statements of Net Position includes all assets and liabilities. It is prepared using accrual basis accounting, whereby revenues are recognized when earned and expenses when incurred, regardless of when cash is exchanged. The Station's net position (the difference between assets and liabilities) are one indicator of the Station's financial health. Over time, increases or decreases in net position can indicate improvement or erosion of the Station's financial health. Changes in net position should be considered in conjunction with non-financial factors, such as condition of facilities.

Statements of Net Position

	2016	2015	2014
Assets:			
Current assets	$ 615,000	$ 308,000	$ 516,000
Capital assets – net	65,000	71,000	43,000
Total assets	680,000	379,000	559,000
Deferred outflows			
Contributions to KERS/KTRS pension	513,000	31,000	16,000
Total deferred outflows	513,000	31,000	16,000
Total assets and deferred outflows	1,193,000	410,000	575,000
Liabilities	1,185,000	653,000	765,000
Deferred inflows	21,000	6,000	-
Total liabilities and deferred inflows	1,206,000	659,000	765,000
Net position:			
Net investment in capital assets	65,000	71,000	43,000
Unrestricted	(78,000)	(320,000)	(233,000)
Total net position	$ (13,000)	$ (249,000)	$ (190,000)

- **Assets** - As of June 30, 2016, the Station's total assets amounted to $680,000. Cash of $497,000 represented the Station's largest asset or 73% of total assets. For the year ended June 30, 2015, cash represented 47% of total assets. For the year ended June 30, 2014, cash represented 79% of total assets. Of total assets, cash saw the largest increase from fiscal year 2015 to 2016.

- **Deferred Outflows** - With the adoption of GASB Statement No. 65 and No. 68, deferred outflows are now being recognized related to pensions. The deferred outflows for the Station for the year ended June 30, 2016 totaled $513,000 and represent contributions to the KERS and KTRS pension. The balance was $31,000 and $16,000 for the years ended June 30, 2015 and 2014, respectively.

- **Liabilities** – As of June 30, 2016, the Station's liabilities amounted to $1,185,000. Pension Liability comprised 95% of total liabilities. Liabilities totaled $652,000 and $765,000 for the years ended June 30, 2015 and 2014, respectively. Pension Liability comprised 77% and 64% of total liabilities, respectively.

- **Deferred Inflows** – With the adoption of GASB Statement No. 65 and No. 68, deferred inflows are now being recognized related to pensions. The deferred inflows for the Station for the year ended June 30, 2016, totaled $21,000 and represent the KERS and KTRS pension. The balance was $6,000 for the year ended June 30, 2015. The year ended June 30, 2015 was the first year deferred inflows were recognized.

- **Net Position** – Total net position was $(13,000) at June 30, 2016, an increase of $236,000 from June 30, 2015. Net position includes $65,000 of net investment in capital assets and $(78,000) classified as unrestricted.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. The University appropriations and gifts are classified as nonoperating revenues. Accordingly, the Station will typically generate an operating loss prior to the addition of nonoperating revenues. A more meaningful measure is the change in net position. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Statements of Revenues, Expenses, and Changes in Net Position

	2016	2015	2014
Operating revenues:			
Federal grants and contracts	$ 228,000	$ 158,000	$ 258,000
Operating expenses:			
Program services	819,000	866,000	932,000
Supporting services	990,000	672,000	566,000
Depreciation	25,000	20,000	18,000
Total operating expenses	1,834,000	1,558,000	1,516,000
Operating loss	(1,606,000)	(1,400,000)	(1,258,000)
Nonoperating revenues	1,842,000	1,341,000	1,367,000
Increase (decrease) in net position	236,000	(59,000)	109,000
Net position – beginning of year	(249,000)	(190,000)	(299,000)
Net position – end of year	$ (13,000)	$ (249,000)	$ (190,000)

Revenue – Total operating revenues were $228,000 for the year ended June 30, 2016, compared to $158,000 and $258,000 for the years ended June 30, 2015 and 2014, which consisted entirely of Federal grants and contracts.

Expenses – Operating expenses totaled $1,834,000 for the year ended June 30, 2016. Of this amount, $306,000 or 17% was used for programming and expenses related to production; $513,000 or 28% was used for broadcasting expenses; $821,000 or 45% for management and general expenses; $93,000 or 5% for fundraising; $76,000 or 4% for underwriting; and $25,000 or 1% for depreciation. The related proportions of operating expenses for the year ended June 30, 2015 were 20%, 35%, 34%, 5%, 4% and 1%, respectively. The related proportions of operating expenses for the year ended June 30, 2014 were 19%, 43%, 32%, 5%, 1% and less than 1%, respectively.

Nonoperating Revenues – Nonoperating revenues for the year ended June 30, 2016 amounted to $1,842,000 compared to $1,342,000 for the year ended June 30, 2015, and $1,367,000 for the year ended June 30, 2014. Of this amount, $669,000 was for general appropriations from the University and $442,000 for indirect administrative support from the University. It included $336,000 from other income, which is from underwriting from corporate support and contributions of $393,000.

Pension Expense – Pension expense for the year ended June 30, 2016 amounted to $161,000 compared to $7,000 for the year ended June 30, 2015.

Statements of Cash Flows

Another important factor to consider when evaluating financial viability is the Station's ability to meet financial obligations as they mature. The Statements of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities. The statements of cash flows also helps financial statement readers assess:

- The Station's ability to generate future net cash flows.
- The Station's need for external financing.

Statement of Cash Flows

	2016	2015	2014
Cash provided by (used in):			
Operating activities	$(1,062,000)	$ (1,225,000)	$ (921,000)
Noncapital financing activities	1,399,000	1,009,000	1,087,000
Investing activities	(19,000)	(48,000)	-
Net increase (decrease) in cash	318,000	(264,000)	166,000
Cash – beginning of year	179,000	443,000	277,000
Cash – end of year	$ 497,000	$ 179,000	$ 443,000

Major sources of funds included in operating activities were Federal grants and contracts of $191,000 for the year ended June 30, 2016, compared to $193,000 and $194,000 for the years ended June 30, 2015 and 2014. The largest cash payments for operating activities in 2016 were $565,000 to employees and $695,000 to suppliers. Comparative amounts for the years ended June 30, 2015 and 2014 were $578,000 and $504,000 to employees and $775,000 and $612,000 to suppliers respectively.

For the year ended June 30, 2016, the largest cash inflow is the appropriation from the University of $669,000 compared to $492,000 and $595,000 in 2015 and 2014, respectively.

Factors Impacting Future Periods

During fiscal year 2016, the Station, with assistance from a Corporation for Public broadcasting grant, employed the services of Appleby Arganbright consulting to improve recruitment and retention of sustaining (or ongoing) contributors. The results to date are impressive, as will be seen with the year ended June 30, 2017 audit as most of the fundraising activity took place after the June 30, 2016 cut-off. Fundraising for the year ended June 30, 2016 was an improvement over the year ended June 30, 2015 due in part to the ramping up of the Presidential election season and the increased listenership and giving that comes along most every 2 to 4 years. The streamlining of duties for the Corporate Support Coordinator to allow a singular focus on corporate underwriting is continuing to pay dividends and is showing continued growth in business income. These steps have allowed the Station to develop a better operational plan for the future.

Already in the first half of the year ending June 30, 2017, membership revenue is 4% ahead of last year's record with underwriting keeping pace with their projections. The Station is also collaborating with other public stations in state to improve efficiencies including adding a second corporate support representative and splitting the cost (with our in-state colleagues) for a corporate support representative to concentrate on statewide underwriting.

Support from the University represents the largest portion of the Station's operating funds. It is the station's intent to continue to decrease the percentage of University funding year to year but certain factors may stall that continued decline for this fiscal year. While increases in individual support and underwriting are expected we have added one grant-funded position (which the station pays a share of) and given work and cost-shared another position to give reporting-relief to another fellow EKU Department.

In order to continue to grow our audience we took advantage of a federal grant to add another news reporter. While the grant pays for part of the employees cost, the station will pick up the remainder. Additionally, the station took on half-time job duties for a fellow EKU Department which needed fiscal relief. Such an increase on-paper of station liabilities will contribute to an anticipated slowing of the decrease of University spending. Because of the importance of state funding, there is a strong commitment by the University administration to continue to be proactive and informed regarding state funding issues. This current fiscal year the Station has taken significant steps to pro-actively track expenses and strictly implement a conservative budget.

The Station is encouraged by continued strong listenership and increases in corporate giving. As noted above briefly, Station management is fully examining what efficiencies can be realized by working more closely with our counterparts at other state institutionally licensed public broadcasting facilities. This collaboration should further improve the financial picture and allow the Station to invest in much-needed growth areas.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash	$ 496,637	$ 178,743
Investments	60,077	62,936
Accounts receivable	57,877	64,791
Prepaid expenses	-	1,359
Total current assets	614,591	307,829
Capital assets, net	65,059	71,369
Deferred outflows		
KERS/KTRS pension	513,271	30,536
Total current assets	513,271	30,536
Total assets and deferred outflows	$ 1,192,921	$ 409,734
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	$ 11,960	$ 79,877
Accrued salaries and benefits	42,251	33,471
Unearned revenue	460	37,746
Total current liabilities	54,671	151,094
Pension liability	1,130,583	501,312
Total liabilities	1,185,254	652,406
Deferred inflows		
KERS/KTRS pension	20,703	6,443
Total deferred inflows	20,703	6,443
Total liabilities and deferred inflows	1,205,957	658,849
Net position		
Net investment in capital assets	65,059	71,369
Unrestricted	(78,095)	(320,484)
Total net position	(13,036)	(249,115)
Total liabilities, deferred inflows and net position	$ 1,192,921	$ 409,734

See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Federal grants and contracts	$ 228,495	$ 158,080
OPERATING EXPENSES		
Program services		
Programming and production	305,696	312,543
Broadcasting	513,037	553,026
Program information and promotion		726
Supporting services		
Management and general	820,772	522,188
Fundraising and membership development	93,479	80,802
Underwriting and grant solicitation	75,894	69,272
Depreciation	25,371	20,015
Total operating expenses	1,834,249	1,558,572
Operating loss	(1,605,751)	(1,400,492)
NONOPERATING REVENUES		
General appropriation from Eastern Kentucky University	668,773	491,766
Indirect administrative support	442,436	332,242
Other income	336,149	146,467
Interest income	1,715	1,607
Contributions	392,760	369,615
Total net nonoperating revenues	1,841,833	1,341,697
Increase (decrease) in net position	236,079	(58,795)
Net position, beginning of year	(249,115)	(190,320)
Net position, end of year	$ (13,036)	$ (249,115)

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
STATEMENTS OF CASH FLOWS
Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Grants and contracts received	$ 191,209	$ 192,586
Registration and fees	6,914	(64,790)
Payments to suppliers	(695,168)	(775,199)
Payments for salaries and benefits	(565,397)	(577,940)
Net cash from operating activities	(1,062,442)	(1,255,343)
Cash flows from noncapital financing activities		
General appropriation from Eastern Kentucky University and other income	668,773	491,766
Contributions received	392,760	369,615
Other	337,864	148,074
Net cash from noncapital financing activities	1,399,397	1,009,455
Cash flows from capital and related financing activities		
Purchase of capital assets	(19,061)	(48,152)
Change in cash	317,894	(264,040)
Cash, beginning of year	178,743	442,783
Cash, end of year	$ 496,637	$ 178,743
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (1,605,754)	$(1,400,492)
Indirect, administrative support	442,436	332,242
Depreciation	25,371	20,015
Loss on investments	2,859	3,208
Changes in operating assets and liabilities:		
Accounts receivable	6,914	(58,898)
Accounts payable	(67,917)	(164,947)
Prepaid expenses	1,359	708)
Accrued salaries and benefits	8,780	2,380
Unearned revenue	(37,286)	34,506
Pension liability	629,271	15,452
Deferred inflow	14,260	6,443
Deferred outflow	(482,735)	(14,544)
Net cash flows used in operating activities	$ (1,062,442)	$ (1,225,343)

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation: WEKU-FM Radio (the "Station") is a radio station operated by Eastern Kentucky University (the "University").

Basis of Accounting and Financial Statement Presentation: The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

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 Eastern Kentucky University and Eastern Kentucky University Foundation, Inc. (the "Foundation") that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University or the Foundation as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program-specific, such as University appropriations, indirect administrative support, contributions and investment income are included in nonoperating revenues. The Station first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

Cash: For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and Eastern Kentucky University Foundation, Inc. (the "Foundation"). Details of accounting transactions affecting cash are maintained by each entity.

The University currently uses commercial banks and the Commonwealth as depositories. Deposits with commercial banks are covered by Federal depository insurance or collateral held by the University's agent in the University's name. At the Commonwealth level, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth pooled deposits are substantially covered by Federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name.

Investments: Station investments are held by the Foundation. Assets held by the Foundation are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

Capital Assets: Capital assets are stated at cost at the date of acquisition or, in the case of gifts, at fair value at the date of the gift. Capital assets with a unit cost of $5,000 or greater are capitalized.

Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, 5–50 years for buildings, antenna, and tower and 5–15 years for equipment and furniture.

Unearned Revenues: Unearned revenues include amounts received from grants, contracts and underwriting that have not yet been earned.

Pensions: For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky Teachers' Retirement system (KTRS) and the Kentucky Employees Retirement System (KERS) and additions to /deductions from KTRS' and KERS' fiduciary net position have been determined on the same basis as they are reported by KTRS and KERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources: Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of the unamortized deferred refunding loss balance and pension contributions made after the measurement date. Deferred inflows consist of the KTRS and KERS pension related unamortized balances.

Net Position: The Station's net position is classified as follows:

> *Net Investment in Capital Assets* – Capital assets, net accumulated depreciation and any outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
>
> *Unrestricted* – Net position that does not meet the definitions of net investment in capital assets or restricted.

Use of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has incurred expenditures in compliance with the specific restrictions. Unrestricted pledges are reported as revenue when the pledged contributions are received.

In-Kind Contributions and Contributed Services: The estimated fair value of contributed services and property are recorded as revenues and expenses in the period received.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs, other than depreciation, of providing the various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

Adoption of New Accounting Pronouncements: During fiscal year 2016, the Station adopted the following accounting pronouncements:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* issued June 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles in the United States of America. The accounting principles generally accepted in the United States of America hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with accounting principles generally accepted in the United States of America and the framework for selecting those principles. This Statement reduces the accounting principles generally accepted in the United States of America hierarchy to two categories of authoritative accounting principles generally accepted in the United States of America and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative accounting principles generally accepted in the United States of America.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* issued December 2015. This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement.

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of these statements did not have a significant impact on the Station's financial position or results of operations.

Recent Accounting Pronouncements - As of June 30, 2016, the GASB has issued the following statements not yet implemented by the University.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, issued June 2015. The provisions of this Statement are effective for periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* issued on June 2015. The provisions of this Statement are effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 77, *Tax Abatement Disclosures,* issued August 2015. The provisions of this Statement are effective for periods beginning after December 15, 2015. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December, 2015. The provisions of this Statements are effective for periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, issued January 2016. The provisions of this Statement are effective for periods beginning after June 15, 2016. This Statement clarifies that certain component units incorporated as not-for-profit corporations should be blended in the financial statements of the primary state or local government in a manner similar to a department or activity of the primary government. The Statement addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.

GASB Statement No. 82, *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2016. The provisions of this Statement are effective for periods beginning after June 15, 2016. This Statement addresses certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. The provisions of this Statement are effective for periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The provisions of this Statement are effective for periods beginning after December 15, 2018. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

NOTE 2 – TAX STATUS

The Station is operated by the University and is exempt from Federal and Kentucky income taxes and from property taxes levied by any taxing body as part of a governmental entity.

(Continued)

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, is as follows:

	July 1, 2015	Additions	Disposals	June 30, 2016
Assets:				
Buildings, antenna and tower	$ 213,539	$ 19,061	$ -	$ 232,600
Studio, broadcasting equipment and furniture	274,368	-	-	274,368
	487,907	19,061	-	506,968
Less accumulated depreciation:				
Buildings, antenna and tower	(198,056)	(10,291)	-	(208,347)
Studio, broadcasting equipment and furniture	(218,482)	(15,080)	-	(233,562)
	(416,538)	(25,371)	-	(441,909)
Capital assets – net	$ 71,369	$ (6,310)	$ -	$ 65,059

Capital asset activity for the year ended June 30, 2015, is as follows:

	July 1, 2014	Additions	Disposals	June 30, 2015
Assets:				
Buildings, antenna and tower	$ 213,539	$ -	$ -	$ 213,539
Studio, broadcasting equipment and furniture	226,216	48,152	-	274,368
	439,755	48,152	-	487,907
Less accumulated depreciation:				
Buildings, antenna and tower	(188,082)	(9,974)	-	(198,056)
Studio, broadcasting equipment and furniture	(208,441)	(10,041)	-	(218,482)
	(396,523)	(20,015)	-	(416,538)
Capital assets – net	$ 43,232	$ 28,137	$ -	$ 71,369

NOTE 4 – COMPENSATED ABSENCES

University employees, including Station employees, begin to accumulate annual vacation allocations from the beginning date of employment; however, accrued vacation is not granted until three months of employment have been completed. The maximum accumulation of vacation leave is limited to the number of days that can be accumulated in two years, based on the length of service. Employees are paid their accumulated vacation upon termination, subject to certain limitations.

(Continued)

NOTE 4 – COMPENSATED ABSENCES (Continued)

University policy permits most employees to accumulate vacation that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized when vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay in effect and related benefit costs at the Statement of Net Position date. The balance at June 30, 2016 and 2015 was approximately $39,000 and $31,000, respectively, and is recorded as part of the accrued salaries and benefits.

NOTE 5 – RELATED PARTIES

The Station receives support from the University in the form of a variety of provided services. For the years ended June 30, 2016 and 2015, these amounts totaled approximately $1,111,000 and $824,000, respectively. Continuation of University support is fundamental to the operations of WEKU.

NOTE 6 – RISK MANAGEMENT

The Station is an operating unit of the University. The Station and University are exposed to various risks of loss from torts, theft of, damage to or destruction of assets, business interruption, workers' compensation, employee injuries and illnesses, natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks, other than employee health. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth, the Kentucky Board of Claims handles tort claims on behalf of the University.

NOTE 7 – CONTINGENCIES

The Station is subject to certain claims and lawsuits that arise in the normal course of business. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Station in connection with its legal proceedings will not have a material adverse effect on the financial position or the results of operations of the Station.

NOTE 8 – PENSION PLANS

Kentucky Teachers' Retirement Systems

All full-time University faculty members and certain other staff (including certain station employees) occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System ("KTRS"), a defined benefit plan. KTRS, a cost sharing multiple-employer, public employment retirement system, provides retirement benefits based on the employee's highest three or five year average salary and number of years of service. Benefits are subject to certain reductions if the employee retires before reaching age 60 or has less than 27 years of participation in the plan. The plan also provides for disability, death and survivor benefits and medical insurance. Under the plan, members hired prior to July 1, 2008 contribute 6.50% of their annual salary and the University contributes 14.18%. Employees participating in KTRS hired after June 1, 2008 contribute 7.16% and the University contributes 14.84%.

(Continued)

NOTE 8 – PENSION PLANS

Effective August 1, 1996 optional 403(b) defined contribution retirement plans are available for new employees who would otherwise be covered by the KTRS. The providers of the optional retirement plans are Aetna (ING), TIAA/CREF, VALIC, and Fidelity. During the 2008 Kentucky legislative session, the General Assembly passed and the Governor signed, Senate Bill 65, a bill that changed the rate of payment the universities make toward the unfunded liability of the KTRS that is associated with optional retirement plan. The rate previously floated on the annual basis depending upon the unfunded liability of the KTRS. Senate Bill 65 changed the floating rate to a fixed rate of 5.1% effective April 7, 2008. The fixed rate is set to expire on July 1, 2048. As of April 7, 2008, the employee contribution to their selected plan is 6.16% of their annual salary. As determined by the KTRS Board of Trustees, the University contributes 8.74% and also provides an additional 5.10% to KTRS as an unfunded liability.

The KTRS issues a publicly available financial report with required supplementary schedules and a report on the audit of schedules of employer allocations and schedules of pension amounts by employer for KTRS. These reports may be obtained by writing to Kentucky Teachers Retirement System, 479 Versailles Road, Frankfort, KY 40601, or visiting the website at http://ktrs.ky.gov.

2015 KTRS Plan Information

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.0 - 8.20 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Discount Rate Assumptions:

(a) Discount rate: The discount rate used to measure the total pension liability was 4.88%.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the statutorily required rates.

(c) Long-term rate of return: The long-term rate of return on pension plan investments was determined using a log-normal distribution analysis 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 and by adding expected inflation.

(d) Municipal bond rate: The discount rate determination does use a municipal bond rate (3.82%).

(Continued)

NOTE 8 – PENSION PLANS (Continued)

(e) Periods of projected benefit payments: The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 3.82% was applied to all periods of projected benefit payments after 2035.

(f) Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	17%	6.50%
Fixed income	24%	1.60%
High yield bonds	4%	3.10%
Real estate	4%	5.80%
Alternatives	4%	6.80%
Cash	2%	1.50%
	100%	

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Eastern Kentucky University's allocated portion of the net pension liability ("NPL") of the system, calculated using the discount rate of 4.88%, as well as what the allocated portion of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.88%) or one percentage-point higher (5.88%) than the current rate:

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
Eastern Kentucky University's proportionate share of net pension liability (in thousands)	$ 341,915	$ 274,717	$ 219,109
The Station's proportionate share of net pension liability (in thousands)	$ 564	$ 452	$ 361

NOTE 8 – PENSION PLANS (Continued)

Contributions: Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2016, University employees were required to contribute 8.185 percent of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.36 percent of covered payroll. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KTRS for the years ended June 30, 2016 and 2015 were $8,843,107 and $7,235,381, respectively, and were equal to the required contributions for the year. The Station's total contributions to KTRS for the years ended June 30, 2016 and 2015 were $15,060 and $13,014, respectively. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. These contributions totaled $1,175,000 for the year ended June 30, 2015 and are approximately $899,615 for the year ended June 30, 2016.

Collective Net Pension Liability*:* At June 30, 2016, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

University's proportionate share of the net pension liability	$ 274,716,842
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	27,936,152
	$ 302,652,994
Station's proportionate share of the University net pension liability	$ 452,298

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2015, the University's proportion was 1.12% and the Commonwealth of Kentucky's proportion associated with the University was 0.11%. The proportionate share of the NPL for the Station is $452,298. The Station's proportion of the University's NPL was based on the Station employees' share of contributions to the pension plan relative to the contributions of all University employees. That proportion was 0.88% as of June 30, 2015 and 0.00% as of June 30, 2014. The Station's proportion of the total plan was 0.0019% as of June 30, 2015 and 0.00% as of June 30, 2014.

Measurement Date: June 30, 2014 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2015 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2015 is shown in the GASB 67 report for KTRS submitted on December 4, 2015.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Changes in Assumptions and Benefit Terms: A change in the municipal bond index rate from the prior measurement date to the measurement date resulting in the SEIR changing from 5.23% at the prior measurement date to 4.88% at the measurement date. The change in the discount rate is considered a change in actuarial assumptions under GASB 68.

Pension Expense: For the year ended June 30, 2016, the University recognized pension expense of $15,596,654 and revenue of $1,365,177 for support provided by the Commonwealth of Kentucky. The Station recognized pension expense of $92,555 and revenue of $1,759 for support provided by the Commonwealth of Kentucky.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the deferred inflows and outflows as of the measurement date.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 27,786	$ 4,364
Change in proportionate share of contributions	340,760	-
Differences between expected and actual experience	-	4,937
Net difference between projected and actual earnings on pension plan investments	-	11,402
	368,546	20,703
Employer contributions subsequent to the measurement date	11,900	-
	$ 380,446	$ 20,703

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2017. The remainder of the deferred outflows and inflows of resources are amortized over five years with remaining amortization as follows:

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

Fiscal Years	Amount
2017	$ 84,915
2018	84,915
2019	84,915
2020	91,294
2021	1,804
Total	$ 347,843

2014 KTRS Plan Information

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.0 - 8.20 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Discount Rate Assumptions:

(a) Discount rate: The discount rate used to measure the total pension liability was 5.23%.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the statutorily required rates

(c) Long term rate of return: The long-term rate of return on pension plan investments was determined using a log-normal distribution analysis 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 and by adding expected inflation.

(d) Municipal bond rate: The discount rate determination does use a municipal bond rate (4.35%).

(Continued)

NOTE 8 – PENSION PLANS (Continued)

(e) Periods of projected benefit payments: The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035.

(f) Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	17%	6.50%
Fixed income	24%	1.60%
High yield bonds	4%	3.10%
Real estate	4%	5.80%
Alternatives	4%	6.80%
Cash	2%	1.50%
	100%	

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Eastern Kentucky University's allocated portion of the net pension liability ("NPL") of the system, calculated using the discount rate of 5.23%, as well as what the allocated portion of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.23%) or one percentage-point higher (6.23%) than the current rate:

	1% Decrease (4.23%)	Current Discount Rate (5.23%)	1% Increase (6.23%)
Eastern Kentucky University's proportionate share of net pension liability (in thousands)	$ 297,774	$ 237,056	$ 186,947

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Contributions: Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2015, University employees were required to contribute 7.68 percent of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.36 percent of covered payroll. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KTRS for the years ending June 30, 2015 and 2014 were $7,235,381 and $8,529,378, respectively, and were equal to the required contributions for the year. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. These contributions totaled $967,817 for the year ending June 30, 2014 and are approximately $1,175,000 for the year ending June 30, 2015. There were no contributions reported for the Station.

Collective Net Pension Liability*:* At June 30, 2015, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky.

The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

University's proportionate share of the net pension liability	$ 237,056,212
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	26,898,447
	$ 263,954,659

The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2014, the University's proportion was 1.10 percent and the Commonwealth of Kentucky's proportion associated with the University was 0.12 percent. The Station had no contributions reported for the year ended June 30, 2014, and therefore no associated liability existed as of June 30, 2015 for the Station.

Measurement Date: June 30, 2013 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2014 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2014 is shown in the GASB 67 report for KTRS submitted on December 11, 2014.

Changes in Assumptions and Benefit Terms: A change in the municipal bond index rate from the prior measurement date to the measurement date resulting in the SEIR changing from 5.13% at the prior measurement date to 5.23% at the measurement date. The change in the discount rate is considered a change in actuarial assumptions under GASB 68.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Pension Expense: For the year ended June 30, 2015, the University recognized pension expense of $12,934,065 and revenue of $1,318,053 for support provided by the Commonwealth of Kentucky. The Station had nothing to report for the year ended June 30, 2014.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period. The Station had nothing to report for the year ended June 30, 2014.

Kentucky Employees Retirement System

Substantially all other full-time University employees are required by law to participate in the Kentucky Employees Retirement System (“KERS”), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System ("KRS"), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees (“Board”) of KRS administers the KERS, County Employees Retirement System and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630.

More specifically, within KERS, Eastern Kentucky University employees participate in the non-hazardous portion of the plan, which covers all regular full-time members employed in non-hazardous duty positions of any state department, board, or agency directed by executive order to participate in KERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances.

Under the provisions of Kentucky Revised Statute Section 61.701, the Board of KRS also administers the Kentucky Retirement Systems Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS. The assets of the insurance fund are invested as a whole. The KERS issues a publicly available financial report that includes financial statements and required supplementary information for the KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-Hazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Non-Hazardous Normal Retirement:

NOTE 8 – PENSION PLANS (Continued)

Member whose participation began before 8/1/2004:

Age requirement:	65
Service requirement:	At least one month of non-hazardous duty service credit.
Amount:	If a member has at least 48 months of service, the monthly benefit is 1.97% times final average compensation times years of service. For members who were participants in any one of the state retirement systems from January 1, 1998 through January 1, 1999, the benefit factor is 2.00%. For those members who retired between January 1, 1999 and January 31, 2009 with at least 240 months of service, the benefit factor is 2.20%. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Members whose participation began on or after 8/1/2004, but before 9/1/2008:

Age requirement:	65
Service requirement:	At least one month of non-hazardous duty service credit.
Amount:	If a member has at least 48 months of service, the monthly benefit is 2.00% multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Members whose participation began on or after 9/1/2008 but before 1/1/2014:

Age/Service Requirement:	Age 65 with 60 months of non-hazardous duty service credit, or age 57 if age plus service equals at least 87

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Amount: The monthly benefit is the following benefit factor based on service credit at retirement plus 2.00% for each year of service greater than 30 years, multiplied by final average compensation, multiplied by years of service.

Service Credit	Benefit Factor
10 years or less	1.10%
10 – 20 years	1.30%
20 – 26 years	1.50%
26 – 30 years	1.75%

Final compensation is calculated by taking the average of the last (not highest) five (5) complete fiscal years of salary. Each fiscal year used to determine final compensation must contain twelve (12) months of service credit.

Members whose participation began on or after 1/1/2014:

Age/Service Requirement: Age 65 with 60 months of non-hazardous duty service credit, or age 57 if age plus service equals at least 87

Amount: Each year that a member is an active contributing member to the system, the member and the member's employer will contribute 5.00% and 4.00%, respectively, of creditable compensation into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4%. If the system's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year.

Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the system as a lump sum or annuitized into a single life annuity option.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Contributions: For the fiscal year ended June 30, 2015, plan members who began participating prior to September 1, 2008 were required to contribute 5% of their annual creditable compensation. The Commonwealth was required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget. For both of the fiscal years ended June 30, 2016 and 2015, participating employers contributed 38.77%, of each employee's creditable compensation. The actuarially recommended rates set by the Board for the fiscal years ended June 30, 2016 and 2015 were 38.77% and 45.28%, respectively, of each employee's creditable compensation. Administrative costs of KRS are financed through employer contributions and investments earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. 5% of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the pension fund (see Kentucky Administrative Regulation 105KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the cash balance plan. The cash balance plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable.

The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

2015 KERS Plan Information

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increase	4.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

(Continued)

NOTE 8 – PENSION PLANS (Continued)

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount Rate Assumptions:

(a) Discount rate: The discount rate used to measure the total pension liability was 7.5%.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed the local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

(c) Long-term rate of return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Municipal bond rate: The discount rate determination does not use a municipal bond rate.

(e) Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2117. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

(f) Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	42%	5.40%
Combined Fixed Income	20%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	3%	4.50%
Absolute Returns (Diversified Inflation Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash	5%	(.25%)
	100%	

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Eastern Kentucky University's allocated portion of the net pension liability ("NPL") of the system, calculated using the discount rate of 7.50%, as well as what the allocated portion of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage-point higher (8.50%) than the current rate (in thousands):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Eastern Kentucky University's proportionate share of net pension liability (in thousands)	$ 193,495	$ 171,780	$ 153,409
The Station's proportionate share of net pension liability (in thousands)	$ 764	$ 678	$ 605

Employer's Portion of the Collective Net Pension Liability: The proportionate share of the NPL, as indicated in the prior table, is $171,779,586 or 1.71%. The liability was distributed based on 2015 actual employer contributions to the Plan. The proportionate share of the NPL for the Station is $678,285.

Measurement Date: June 30, 2015 is the actuarial valuation date upon which the TPL is based. No update procedures were used to determine the TPL.

Changes in Assumptions and Benefit Terms: The assumed investment rate of return was decreased subsequent to the measurement date from 7.50% to 6.75%, effective July 1, 2015.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Changes Since Measurement Date: The assumed investment rate of return was decreased subsequent to the measurement date from 7.50% to 6.75%, effective July 1, 2015. The impact on the University's financial statements from this change is not known.

Pension Expense: Eastern Kentucky University recognized $18,924,062 of pension expense during 2016. The Station recognized $68,242 of pension expense during 2016.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

The table below provides a summary of the deferred inflows and outflows as of the measurement date.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 44,012	$ -
Change in proportionate share of contributions	37,562	-
Difference between expected and actual experience	1,873	-
Net difference between projected and actual earnings on pension plan investments	2,543	-
	85,990	-
Employer contributions subsequent to the measurement date	46,835	-
	$ 132,825	$ -

NOTE 8 – PENSION PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2017. The remainder of the deferred outflows of resources will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

Fiscal Years	Amount
2017	$ 36,151
2018	36,151
2019	9,030
2020	4,658
Total	$ 85,990

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2014 and 2015, determined as of July 1, 2013. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	3.25 percent
Salary increase	4.00 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

2014 KERS Plan Information

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation

(Continued)

NOTE 8 – PENSION PLANS (Continued)

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward 5 years is used for the period after disability retirement.
The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2008.

Discount Rate Assumptions:

(a) Discount rate: The discount rate used to measure the total pension liability was 7.75%.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed the local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 29 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

(c) Long-term rate of return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Municipal bond rate: The discount rate determination does not use a municipal bond rate.

(e) Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2116. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

NOTE 8 – PENSION PLANS (Continued)

(f) Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30%	8.45%
International equity	22%	8.85%
Emerging market equity	5%	10.50%
Private equity	7%	1.25%
Real estate	5%	7.00%
Core U.S. fixed income	10%	5.25%
High-Yield U.S. fixed income	5%	7.25%
Non-U.S. fixed income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
	100%	

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Eastern Kentucky University's allocated portion of the net pension liability ("NPL") of the system, calculated using the discount rate of 7.75 percent, as well as what the allocated portion of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate (in thousands):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Eastern Kentucky University's proportionate share of net pension liability (in thousands)	$ 162,050	$ 144,048	$ 127,818
The Station's proportionate share of net pension liability (in thousands)	$ 564	$ 501	$ 445

Employer's Portion of the Collective Net Pension Liability: The proportionate share of the NPL, as indicated in the prior table, is $144,048,296 or 1.61%. The liability was distributed based on 2014 actual employer contributions to the plan. The proportionate share of the NPL for the Station is $501,312.

Measurement Date: June 30, 2014 is the actuarial valuation date upon which the TPL is based. No update procedures were used to determine the TPL. An expected TPL is determined as of July 1, 2013 using standard roll back techniques. The roll back calculation subtracts the annual normal cost (also called the service costs), adds the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure was used to determine the TPL as of July 1, 2013, as shown in the GASB 67 report for KERS submitted on November 17, 2014.

NOTE 8 – PENSION PLANS (Continued)

Changes in Assumptions and Benefit Terms: There were no changes in assumptions or benefit terms since the prior measurement date.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Pension Expense: Eastern Kentucky University recognized $10,887,000 of pension expense during 2015. The Station recognized $37,887 of pension expense during 2015.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the deferred inflows and outflows as of the measurement date.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 6,443
Employer contributions subsequent to the measurement date	30,536	-
Total	$ 30,536	$ 6,443

(Continued)

NOTE 8 – PENSION PLANS (Continued)

At June 30, 2015, the University reported $8,774,260 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. The Station reported $30,536 as deferred outflows of resources. Deferred inflows of resources at June 30, 2015, related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

Fiscal Years	Amount
2016	$ 1,611
2017	1,611
2018	1,611
2019	1,610
Total	$ 6,443

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2014 and 2015, determined as of July 1, 2013. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.5 percent
Salary increase	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Summary Pension Plan Information:

Summary Pension Plan Information as of June 30, 2016:

	KERS	KTRS	Total
Net pension liability	$ 678,285	$ 452,298	$ 1,130,583
Deferred outflows of resources	132,825	380,446	513,271
Deferred inflows of resources	-	20,703	20,703
Pension expense	68,242	92,555	160,797

(Continued)

NOTE 8 – PENSION PLANS (Continued)

Summary Pension Plan Information as of June 30, 2015:

	KERS	KTRS	Total
Net pension liability	$ 501,312	$ -	$ 501,312
Deferred outflows of resources	30,536	-	30,536
Deferred inflows of resources	6,443	-	6,443
Pension expense	37,887	-	37,887

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
June 30, 2016 and 2015

KERS	2016	2015
Station's proportion of the net pension liability	0.0068%	0.0056%
Station's proportionate share of the net pension liability	$ 678,285	$ 501,312
Station's covered-employee payroll	$ 116,002	$ 95,050
Station's proportionate share of the net pension liability as a percentage of its covered-employee payroll	548.72%	527.42%
Plan fiduciary net position as a percentage of the total pension liability	22.32%	22.32%

KTRS	2016	2015
Station's proportion of the net pension liability	0.0019%	-
Station's proportionate share of the net pension	$ 452,298	$ -
Station's covered-employee payroll	$ 90,114	$ -
Station's proportionate share of the net pension liability as a percentage of its covered-employee payroll	501.92%	-
Plan fiduciary net position as a percentage of the total Pension liability	42.49%	-

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-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 ten years of information is available.

KERS	2016	2015
Contractually required contribution	$ 46,835	$ 30,536
Contributions in relation to the contractually required contribution	(46,835)	(30,536)
Contribution deficiency (excess)	$ -	$ -
Station's covered-employee payroll	$ 116,002	$ 95,050
Contributions as a percentage of covered-employee payroll	40.37%	32.13%

KTRS	2016	2015
Contractually required contribution	$ 11,900	$ -
Contributions in relation to the contractually required contribution	(11,900)	-
Contribution deficiency (excess)	$ -	$ -
Station's covered-employee payroll	$ 90,114	$ -
Contributions as a percentage of covered-employee payroll	13.21%	-

* This is a ten-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 ten years of information is available.

Changes of benefit terms and assumptions:

KERS

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

- Tiered Structure for benefit accrual rates
- New retirement eligibility requirements
- Different rules for the computation of final average compensation

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumptions: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

KTRS

Changes of benefit terms: None

Changes of assumptions: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.