WOSU Public Media

A Public Telecommunications Entity
Operated by The Ohio State University

Financial Statements
As of and for the Years Ended June 30, 2017 and 2016
And Report of Independent Auditors

Dave Yost • Auditor of State

Board of Trustees
WOSU Public Media
2042 Blankenship Hall
901 Woody Hayes Drive
Columbus, OH 43210-4016

We have reviewed the *Report of Independent Auditors* of the WOSU Public Media, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

January 11, 2018

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Report of Independent Auditors

To the Board of Trustees of
The Ohio State University:

We have audited the accompanying financial statements of WOSU Public Media ("WOSU"), a department of The Ohio State University, appearing on pages 8 to 28, which comprise the statements of net position as of June 30, 2017 and June 30, 2016, and the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise WOSU's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to WOSU'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 WOSU's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU as of June 30, 2017 and June 30, 2016, and the changes in net position and cash flows 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 WOSU are intended to present the net financial position, the changes in net financial position and, where applicable, cash flows of only that portion of The Ohio State University that is attributable to the transactions of WOSU. They do not purport to, and do not, present fairly the net financial position of The Ohio State University as of June 30, 2017 or June 30, 2016, the changes in its net financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

The accompanying management's discussion and analysis on pages 3 through 7 and the Required Supplementary Information on GASB 68 Pension Liabilities on page 29 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2017 on pages 30 to 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated January 2, 2018 on our consideration of WOSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2017. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WOSU's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 2, 2018

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WOSU Public Media for the year ended June 30, 2017, with comparative information for the years ended June 30, 2016 and June 30, 2015. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About WOSU Public Media

Since 1920, WOSU Public Media, with broadcast licenses held by The Ohio State University Board of Trustees, has enriched lives through content and experiences that engage, inform, and inspire. WOSU was one of the first educational radio stations in the country, created to provide lifelong learning to Ohioans beyond the boundaries of the Ohio State campus.

Today, WOSU Public Media operates six non-commercial FM radio stations and a public television station serving over 2.6 million Ohioans in a 31-county region. It provides the only regional source for classical music radio, all-day NPR and local news programming, and WOSU TV provides four channels of programming including the recently added 24-hour WOSU Kids channel.

WOSU is known for its work with preschool caregivers through the *Ready to Learn* project; teachers through PBS Learning Media and customized content for the classroom; and older central Ohioans through the *Next Avenue* initiative. The 2017 incorporation of ITSCO into WOSU brought a wealth of talent into the organization focused on providing technology professional development for teachers across the region.

WOSU is located at the Ohio State Fawcett Conference Center and the organization is under the purview of the Senior Vice President of Administration and Planning. A community board, Friends of WOSU, advises the organization, assisting with programming, advocacy and fundraising expertise. The most significant support for WOSU comes directly from the community it serves, with some 26,000 individual members. Nearly seventy percent of WOSU's funding is from private fundraising and earned revenue sources.

WOSU provides distinctive national programming through PBS and NPR, but has distinguished itself with its commitment to local programming including a two-hour daily local radio/TV talk program, *All Sides with Ann Fisher,* the largest local radio newsroom (honored as the top news operation in Ohio), and award-winning weekly television programming such as *Columbus Neighborhoods, Broad & High, Columbus On The Record,* and *In The Know.*

WOSU's strategic plan provides the greater vision of the organization:

- Be the essential source of media that brings distinctive and diverse insights about our world
- Be the indispensable source for civil discussion and in-depth journalism
- Be the foremost connection to arts, music, and cultural experiences
- Ignite change in young people's lives with experiences that enrich and media that encourage learning
- Build a better community through involvement and illumination

About the Financial Statements

WOSU Public Media presents its financial reports in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

Financial Highlights

WOSU Public Media's total net position increased by $10,772,857 to $24,204,371. The unrestricted net position increased $8,343,308 due to the gain on the spectrum auction of $8,822,670. Expendable net position increased $2,442,668 due to increased capital gifts as WOSU moved into the first phase of a capital campaign as the organization plans for a new headquarters.

Summary of Net Position

	2017	2016	2015
Cash	$ 4,946,319	$ 3,440,187	$ 3,471,683
Receivables and other current assets	10,759,503	578,048	313,198
Total current assets	15,705,822	4,018,235	3,784,881
Pledges receivables, net	248,519	141,802	177,409
Endowments in OSU long-term investment pool	5,484,523	5,069,626	5,471,817
Capital assets, net of depreciation	9,105,236	9,354,720	12,488,100
Total noncurrent assets	14,838,278	14,566,148	18,137,326
Total assets	30,544,100	18,584,383	21,922,207
Deferred outflows	1,819,115	1,505,602	423,472
Total assets and deferred outflows	$ 32,363,215	$ 20,089,985	$ 22,345,679
Accounts payable and accrued expenses	$ 140,702	$ 120,857	$ 152,264
Unearned revenue	522,083	246,555	131,281
Current portion of debt	158,824	275,098	558,733
Total current liabilities	821,609	642,510	842,278
Noncurrent portion of debt	1,217,951	1,320,693	1,539,259
Unearned revenue	582,020	-	-
Net pension liability	5,092,947	4,249,440	3,156,849
Other noncurrent liabilities	403,806	354,897	362,334
Total noncurrent liabilities	7,296,724	5,925,030	5,058,442
Total liabilities	8,118,333	6,567,540	5,900,720
Deferred inflows	40,511	90,931	61,116
Net investment in capital assets	7,728,461	7,758,929	10,390,108
Restricted:			
Nonexpendable	1,923,379	1,886,030	1,917,876
Expendable	6,853,929	4,431,261	5,623,154
Unrestricted	7,698,602	(644,706)	(1,547,295)
Total net position	24,204,371	13,431,514	16,383,843
Total liabilities, deferred inflows and net position	$ 32,363,215	$ 20,089,985	$ 22,345,679

During the year ended June 30, 2017, **cash** increased $1,506,132, to $4,946,319, primarily due to improved operating margins from growth in major planned giving and membership contributions. The statement of cash flows, which is discussed in more detail below, provides additional information on sources and uses of WOSU cash. **Current receivables** increased $10,181,455, to $10,759,503, due to the FCC Spectrum auction and increases in capital pledges. **Endowment** in the university's long-term investment pool increased by $414,897 to $5,484,523 at June 30, 2017, reflecting increases in fair value. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, hedge funds and private equity that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

Total liabilities of WOSU increased by $1,550,793, to $8,118,333 at June 30, 2017, primarily due to an increase in net pension liability and unearned revenues. **Unearned revenues** increased $857,548 due to an advance payment for a long-term prepaid broadband service lease agreement and capital pledges in support of a multi-year production program. The current portion of unearned revenue increased by $275,528 and the noncurrent portion increased by $582,020. **Net pension liability** increased by $843,507 to $5,092,947 at June 30, 2017. WOSU participates in a cost-sharing multi-employer plan with the university and is required to recognize a proportionate share of the collective net pension liabilities of the plan.

Total net position (equity) increased by $10,772,857 to $24,204,371 at June 30, 2017 primarily due to a gain on the spectrum auction and the major planned giving from the start of a capital campaign during fiscal year 2017. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WOSU expenses. Operating revenues, however, *exclude* certain significant revenue streams that WOSU relies upon to fund current operations, including direct support from the university, capital gifts, and investment income.

Summary of Revenues, Expenses and Other Changes in Net Position

	2017	2016	2015
Operating revenues:			
Contributed services	$ 996,132	$ 1,374,574	$ 791,708
Sales and services	2,017,671	1,818,245	1,545,029
Grants and contracts	3,227,998	2,939,125	2,809,808
Member contributions	4,085,845	3,918,939	3,373,409
Other revenues	21,796	26,872	43,183
Total operating revenues	10,349,442	10,077,755	8,563,137
Operating expenses:			
Programming and production	6,153,755	5,942,696	5,947,895
Broadcasting	2,622,284	3,005,899	2,457,419
Program information	397,116	371,875	468,362
Management and general	2,242,065	1,932,566	1,742,421
Underwriting	500,818	395,869	363,319
Fundraising	1,391,952	1,261,308	1,249,171
Depreciation	335,535	3,253,562	529,927
Total operating expenses	13,643,525	16,163,775	12,758,514
Net operating loss	(3,294,083)	(6,086,020)	(4,195,377)
Non-operating revenues (expenses)			
Operating subsidies from University	1,457,607	1,720,861	1,838,705
Donated facilities and support	1,129,313	1,570,501	1,557,071
Net investment income	663,416	(163,971)	147,931
Interest expense	(58,894)	(64,168)	(69,105)
Capital gifts and grants	1,678,664	150,885	203,836
Additions to endowment	6,292	5,253	3,528
FCC spectrum	8,835,859	-	-
Total non-operating revenues	13,712,257	3,219,361	3,681,966
Equity transfers to the University	(85,670)	(85,670)	(85,670)
Change in net position	10,332,504	(2,952,329)	(599,081)
Net position - beginning of year	13,431,514	16,383,843	19,834,480
Cumulative effect of accounting change	-	-	(2,851,556)
Cumulative effect of ITSCO transfer	440,353	-	-
Net position - end of year	$ 24,204,371	$ 13,431,514	$ 16,383,843

Total operating revenues increased $271,687, to $10,349,442 in 2017, primarily due to increases in member contributions and local grants, offset by decrease in contributed services and CPB grants. Operating expenses decreased $2,520,250 to $13,643,525 in 2017, primarily due to less depreciation expense from accelerated depreciation on studio and production facilities at the COSI Science Center in fiscal year 2016. Total non-operating revenues increased $10,492,896 to $13,712,257 in 2017, primarily due to the gain on the FCC spectrum auction, and increases in capital gifts and net investment income.

	2017	2016	2015
Cash provided by (used) in:			
Operating activites	$ (598,935)	$ (1,305,172)	$ (2,081,069)
Noncapital financing activities	1,372,808	1,640,444	1,756,563
Capital and related financing activities	321,713	(603,655)	(615,822)
Investing activites	410,546	236,887	244,764
Net increase / (decrease) in cash	1,506,132	(31,496)	(695,564)
Cash, beginning of year	3,440,187	3,471,683	4,167,247
Cash, end of year	$ 4,946,319	$ 3,440,187	$ 3,471,683

Total WOSU cash and cash equivalents increased $1,506,132, to $4,946,319 in 2017. Net cash flows from operating activities increased $706,327 from increases in membership contributions and grants that outpaced increases in operating disbursements. Total cash from capital and related financing activities increased by $925,368 due to increased capital gifts received and less payments for repayment of university debt. Non-capital financing activities decreased from a reduction of direct operating support from the university.

Economic Factors That Will Affect Future Economic Position and Results of Operations

WOSU Public Media continues to target the growth of its annual membership, underwriting, major and planned giving and grant revenues in the coming year. This is key in an environment of limited federal, state and university support. Corporate, foundation, and individual support for a multi-year local project called *Columbus Neighborhoods* is complete. WOSU is seeking more grants from a variety of sources to build new initiatives like the successful *Chasing the Dream* project. The operations of WOSU, which has been headquartered for nearly fifty years within the Ohio State Fawcett Conference Center, is developing resources to build a new headquarters as part of the 15th & High Street arts district adjacent to the Ohio State campus. The capital requirements for that project will be a focus in the upcoming fiscal year. Initial Ohio State funding support came as a result of the FCC spectrum auction proceeds.

The greatest risk facing WOSU is the potential reduction in federal funding or another downturn in the economy. Corporation for Public Broadcasting grants have traditionally covered about 15 percent of the direct budget, including some of the costs of national and local programming.

WOSU is creating a more priority-centered operation, bringing more efficiency to how we work behind the scenes in areas such as television master control, IT, human resources, and business operations to focus as many resources as possible to create vital local content and experiences that enrich and inspire our community.

WOSU Public Media
A Public Telecommunications Entity Operated by The Ohio State University
Statements of Net Position
As of June 30, 2017 and 2016

ASSETS AND DEFERRED OUTFLOWS:	**2017**	**2016**
Current assets		
Cash	$ 4,946,319	$ 3,440,187
Receivables:		
Accounts receivable, net	87,178	125,883
Spectrum	8,834,580	-
Government grants	438	3,326
Underwriting	203,551	133,875
Pledge receivables, net	1,633,756	314,964
Total receivables	10,759,503	578,048
Total current assets	15,705,822	4,018,235
Noncurrent assets		
Endowments in OSU long-term investment pool	5,484,523	5,069,626
Pledge receivables, net	248,519	141,802
Property and equipment, net	1,192,385	1,441,869
FCC license	7,912,851	7,912,851
Total noncurrent assets	14,838,278	14,566,148
Total assets	30,544,100	18,584,383
Deferred outflows		
Pension	1,819,115	1,505,602
Total deferred outflows	1,819,115	1,505,602
Total assets and deferred outflows	$ 32,363,215	$ 20,089,985
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 134,554	$ 96,065
Accrued compensated absence - current	6,148	24,792
Unearned revenue	522,083	246,555
Current portion - university debt	-	116,578
Current portion - note payable	158,824	158,520
Total current liabilities	821,609	642,510
Noncurrent liabilities		
Note payable	1,217,951	1,320,693
Unearned revenue	582,020	-
Net pension liability	5,092,947	4,249,440
Accrued compensated absence - noncurrent	403,806	354,897
Total noncurrent liabilities	7,296,724	5,925,030
Total liabilities	8,118,333	6,567,540
Deferred inflows		
Pension	40,511	90,931
Total deferred inflows	40,511	90,931
Net position		
Net investment in capital assets	7,728,461	7,758,929
Restricted		
Nonexpendable	1,923,379	1,886,030
Expendable	6,853,929	4,431,261
Unrestricted	7,698,602	(644,706)
Total net position	24,204,371	13,431,514
Total liabilities, deferred inflows, and net position	$ 32,363,215	$ 20,089,985

The accompanying notes are an integral part of these financial statements

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Statements of Revenues, Expenses and Other Changes in Net Position

For the years ended June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Contributed services	$ 996,132	$ 1,374,574
Grants from the Corporation for Public Broadcasting	1,389,128	1,564,884
Member contributions	4,085,845	3,918,939
Public broadcasting service	11,450	14,266
Business and industry	1,257,365	1,129,047
Foundations/non-profit organizations	748,856	674,932
Fundraising	7,500	14,150
Federal grants	44,454	43,894
State and local grants	1,794,416	1,330,347
Royalties	1,278	2,822
Miscellaneous	13,018	9,900
Total operating revenues	10,349,442	10,077,755
OPERATING EXPENSES		
Program services:		
Programming and production	6,153,755	5,942,696
Broadcasting	2,622,284	3,005,899
Program information	397,116	371,875
Total program services	9,173,155	9,320,470
Supporting services:		
Management and general	2,242,065	1,932,566
Depreciation	335,535	3,253,562
Underwriting	500,818	395,869
Fundraising	1,391,952	1,261,308
Total supporting services	4,470,370	6,843,305
Total operating expenses	13,643,525	16,163,775
Net operating loss	(3,294,083)	(6,086,020)
NON-OPERATING REVENUES (EXPENSES)		
Operating subsidies from university	1,457,607	1,720,861
Donated facilities and support	1,129,313	1,570,501
Net investment income:		
Interest and dividend income	253,941	238,220
Increase (decrease) in fair value of investments	409,475	(402,191)
Interest expense	(58,894)	(64,168)
Capital grants and gifts	1,678,664	150,885
Additions to permanent endowments	6,292	5,253
FCC spectrum	8,835,859	-
Net non-operating revenues	13,712,257	3,219,361
Equity transfers to the University	(85,670)	(85,670)
Change in Net Position	10,332,504	(2,952,329)
Net Position, Beginning of year		
Beginning of year	13,431,514	16,383,843
Cumulative effect of ITSCO transfer	440,353	-
Beginning of year, as restated	13,871,867	16,383,843
Net Position, End of year	$ 24,204,371	$ 13,431,514

The accompanying notes are an integral part of these financial statements

WOSU Public Media
A Public Telecommunications Entity Operated by The Ohio State University
Statements of Cash Flows
For the years ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from the Corporation for Public Broadcasting	$ 1,389,128	$ 1,564,884
Member contributions	4,348,653	3,880,477
Fees and services	2,014,900	1,837,557
Proceeds from fundraising	7,500	14,150
Federal, state and local grants	1,841,758	1,371,205
Royalties	1,278	2,822
Other revenues	13,018	9,900
Payments to employees	(5,342,106)	(5,203,907)
Payments to suppliers	(4,873,064)	(4,782,260)
Net cash used in operating activities	(598,935)	(1,305,172)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Private endowment contributions	871	5,253
University subsidies	1,457,607	1,720,861
Equity transfers to university	(85,670)	(85,670)
Net cash provided by noncapital financing activities	1,372,808	1,640,444
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	657,376	82,896
Principal paid on note payable	(158,824)	(158,520)
Principal paid on University debt	(116,578)	(400,213)
Interest paid on University debt	(2,812)	(7,636)
Purchase of capital assets	(57,449)	(120,182)
Net cash used in capital financing activities	321,713	(603,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(5,421)	(1,333)
Interest and dividends received	253,941	238,220
Net cash received from ITSCO	162,026	-
Net cash provided by investing activities	410,546	236,887
Net change in cash	1,506,132	(31,496)
Cash at beginning of year	3,440,187	3,471,683
Cash at end of year	$ 4,946,319	$ 3,440,187
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (3,294,083)	$ (6,086,020)
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Donated facilities and support	1,129,313	1,570,501
Depreciation expense	335,535	3,253,562
Decrease (increase) in receivables	221,136	(159,921)
Increase (decrease) in accounts payable	38,489	(21,675)
Increase (decrease) in unearned revenue	460,836	115,274
Increase (decrease) in compensated absences	30,265	(17,169)
Net pension liability	843,507	1,092,591
Deferred outflows - pension	(313,513)	(1,082,130)
Deferred inflows - pension	(50,420)	29,815
Net adjustments	2,695,148	4,780,848
Net cash (used) in operating activities	$ (598,935)	$ (1,305,172)
Non-cash transactions:		
Amortization on note payable discount	56,532	56,532
Unrealized gain (loss) on investments	409,475	(402,191)

The accompanying notes are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity
The accompanying financial statements of WOSU Public Media include the accounts and results of operations of the following non-commercial public television and radio stations:

WOSU-TV, Columbus, Ohio (rebroadcast in Mansfield)
WOSU-FM Radio, Columbus, Ohio
WOSA-FM Radio, Grove City, Ohio
WOSV-FM Radio, Mansfield, Ohio
WOSE-FM Radio, Coshocton, Ohio
WOSB-FM Radio, Marion, Ohio
WOSP-FM Radio, Portsmouth, Ohio

WOSU Public Media is a part of The Ohio State University (the university) financial reporting entity. The financial statements of the university contain more extensive disclosure of the significant accounting policies of the university as a whole.

Basis of Presentation
The financial statements of WOSU Public Media have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). WOSU reports as a special purpose government engaged solely in “business type activities” under GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

WOSU’s financial resources are classified for accounting and reporting purposes into the following four net position categories:

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

Restricted nonexpendable
Net position subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by WOSU. These assets consist of the WOSU’s permanent endowment.

Restricted expendable
Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of WOSU pursuant to those stipulations or that expire by the passage of time.

Unrestricted
Net Position that is not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by WOSU to support working capital needs of WOSU.

It is WOSU’s policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

Basis of Accounting
The financial statements of WOSU Public Media have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash
Cash of WOSU Public Media is maintained by the university which commingles the funds with other university-related organizations.

Endowment Investments
All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value. Endowment funds are managed by the Office of Investments of the university which commingles the funds with other university-related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool. Investments are carried at market values in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. Additions to endowment investments are recorded as non-operating revenues in the statement of revenues, expenses and other changes in net position. Investments income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Capital Assets
Capital assets are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Revenue Recognition
All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are university support, investment income, and capital gifts.

WOSU receives gifts (pledges) from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions,* endowment pledges are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift, and nature of fundraising.

Unrestricted member contributions are recorded as support when the promise to give is made. Grant funds are recorded as revenues when the grant's contractual requirements have been met. Programming revenues received in advance are recognized when WOSU broadcasts the specific program.

In-Kind Contributions
Donated professional services and materials provided by outside organizations are recorded as revenue and expense at the fair value of the service or material at the date of donation as valued by WOSU.

Donated Facilities and Administrative Support from The Ohio State University
Donated facilities and administrative support are calculated and recorded as both revenue and expense based upon the university's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting ("CPB"), which was 9.97% and 15.76% for the fiscal years ending June 30, 2017 and 2016, respectively. Donated facilities and administrative support from the university consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the university on behalf of WOSU. All support received from the university is recorded as non-operating revenues.

Management Estimates
The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectability of receivables and compensated absences. Actual results could differ from those estimates.

Implementation of GASB Statement No. 68
In fiscal year 2015, the university implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71. GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. A proportionate share of the WOSU net pension liabilities has been allocated to the WOSU, based on retirement plan contributions for WOSU employees. The cumulative effect of adopting GASB No. 68 was a $2,851,556 reduction in WOSU’s net position as of July 1, 2014. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 6.

Newly Issued Accounting Pronouncements
In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This standard, which is the companion to Statement 74, establishes new reporting requirements for employers participating in OPEB plans. Similar to Statement 68, it will require employers in cost-sharing, multi-employer plans to record a liability (and related deferrals) for the employer’s pro-rata share of net OPEB liabilities. It also expands disclosure and supplementary reporting requirements for employers participating in OPEB plans. The standard is effective for periods beginning after June 15, 2017 (FY2018).

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. This standard requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. It also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In general, revenue recognition related to these agreements will be delayed until a specified event occurs (such as the death of the lead beneficiary). This standard is effective for periods beginning after December 15, 2016 (FY2018).

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This standard establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The deferred outflow is recognized as expense over the life of the related asset. The determination of when the liability is incurred is based on the existence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Internal obligating events include the occurrence of contamination, placing into use a tangible capital asset that is required to be retired, abandoning a tangible capital asset before use begins, or acquiring a tangible capital asset that has an existing asset retirement obligation. This standard is effective for periods beginning after June 15, 2018 (FY2019).

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2018 (FY2020).

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. This standard addresses a variety of practice issues identified during implementation and application of certain GASB Statements. It provides guidance on blending of component units (confirming limited applicability of blended presentation for BTAs), accounting for goodwill acquired prior to the issuance of GASB 69, accounting for real estate held for investment by insurance entities, clarification of circumstances in which money-market investments may be valued at amortized cost, and various technical fixes related to the implementation of the new OPEB standards. This standard is effective for periods beginning after June 15, 2017 (FY2018).

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. This standard provides guidance on in-substance defeasance of debt, in which a government uses its existing resources (not the proceeds of refunding debt) to establish an irrevocable trust for the sole purpose of extinguishing debt. The accounting, reporting and disclosures for defeasance transactions, including reporting of gains and losses, generally will be consistent, regardless of the source of the funds used to defease the debt. This standard is effective for periods beginning after June 15, 2017 (FY2018).

In June 2017, the GASB issued Statement No. 87, Leases. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

WOSU management is currently assessing the impact that implementation of GASB Statements No. 75, 81, 83, 84, 85, 86 and 87 will have on the university's financial statements.

Other
WOSU is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

Cumulative effect of ITSCO transfer
In January 2017, Instructional Technology Services of Central Ohio (ITSCO), a 501(c)(3) organization that provides professional development training programs and resources to K-12 educators, donated its net assets and its tangible personal property to WOSU. ITSCO's net position as of July 1, 2016 was $440,353 is reflected as a cumulative effect of the ITSCO transfer in the Statement of Revenues, Expenses, and Other Changes in Net Position. Upon completion of the transfer of assets to WOSU, ITSCO was dissolved. As of July 1, 2016, the net position of ITSCO consisted primarily of cash of $519,290, and other working capital balances. No long-term liabilities were assumed. ITSCO staff are university employees, and the organization now operates as a service line of WOSU. The ITSCO operations are reflected as state and local grant revenue and programming and production expense in the Statements of Revenue, Expenses, and Other Changes in Net Position. In April 2017, ITSCO entered into a one year lease for office space.

Subsequent Events
WOSU evaluated subsequent events through January 2, 2018, the date the financial statements were issued. All material matters are disclosed in the footnotes to the financial statements

2. INVESTMENTS

WOSU's endowment investments are maintained in the university's investment pool, and as such, all endowment investments are held by the university. The pool consists of more than 5,464 Board authorized funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WOSU's mission.

Annual distributions to named funds in the university's investment pool are computed using the share method of accounting for pooled investments. For the year ended June 30, 2017, the annual distribution per share was 4.5% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period. For the year ended June 30, 2016, the annual distribution per share was 4.25% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period.

The fair values of WOSU's investments held in the university's investment pool were $5,484,523 and $5,069,626 at June 30, 2017 and 2016, respectively. The net change in the value of investments during 2017 were unrealized gains of $409,475 and during 2016 were unrealized losses of $402,191. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2017 and 2016, there is cumulative net unrealized gain on investments of $1,025,171 and $615,696, respectively.

Management of the alternative investment funds, namely the general partner, use methods, such as discounted cash flows, recent transactions and other model-based calculations, to estimate the fair value of the investments held by the fund.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

The following summarizes WOSU's investments held in the university's investment pool as of June 30, 2017:

Name of Fund	Number of Shares	Cost	Fair Value
Friends of WOSU	404.92	$ 1,410,275	$ 2,499,931
Prine Classical Music	1.36	5,550	8,408
AEP Foundation	4.60	25,000	28,383
Elam Family	11.29	69,700	69,729
Taylor Memorial	3.55	28,260	21,903
Battelle Digital Media	21.36	150,000	131,868
Reba Harvey	16.58	99,967	102,390
Klotz Public Media	3.89	25,000	24,036
Palius Public Media	4.23	27,369	26,110
Sipp Student Interns	6.96	50,000	42,990
Digital Media Center Outreach	10.69	70,468	65,980
WOSU Public Media	398.90	2,497,763	2,462,795
		$ 4,459,352	$ 5,484,523

The following summarizes WOSU's investments held in the university's investment pool as of June 30, 2016:

Name of Fund	Number of Shares	Cost	Fair Value
Friends of WOSU	404.91	$ 1,410,223	$ 2,313,097
Prine Classical Music	1.36	5,550	7,780
AEP Foundation	4.60	25,000	26,262
Elam Family	11.29	69,700	64,519
Taylor Memorial	3.51	28,060	20,068
Battelle Digital Media	21.36	150,000	122,016
Reba Harvey	16.58	99,967	94,740
Klotz Public Media	3.89	25,000	22,240
Palius Public Media	4.06	26,353	23,220
Sipp Student Interns	6.96	50,000	39,778
Digital Media Center Outreach	10.27	67,903	58,676
WOSU Public Media	398.63	2,496,175	2,277,229
		$ 4,453,931	$ 5,069,626

3. RECEIVABLES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, WOSU has recorded $1,882,275 in pledges receivable, of which $1,278,327 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of $20,480 at June 30, 2017. WOSU recorded $469,236 in pledges receivable and a related allowance for doubtful accounts of $12,470 at June 30, 2016.

In April 2017, the WOSU executed an irrevocable offer with the Federal Communication Commission (“FCC”) to relinquish the relevant spectrum usage rights of WPBO-TV in Portsmouth in exchange for a $8,834,580 million reverse auction incentive payment. The FCC is reallocating a portion of broadcast spectrum used by television stations to make it available for use by wireless carriers. WOSU received the payment in July 2017. The spectrum auction revenue is reported as non-operating revenue in the Statement of Revenues, Expenses, and Other Changes in Net Position.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
FCC License	$ 7,912,851			$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	$ -	$ -	999,912
Improvements	7,993,806	-	5,492,385	2,501,421
Equipment	9,808,026	86,051	649,072	9,245,005
Total	26,714,595	86,051	6,141,457	20,659,189
Less: Accumulated depreciation	17,359,875	335,535	6,141,457	11,553,953
Total capital assets, net	$ 9,354,720	$ (249,484)	$ -	$ 9,105,236

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

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
FCC License	$ 7,912,851			$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	$ -	$ -	999,912
Improvements	7,993,806	-	-	7,993,806
Equipment	9,982,798	120,182	294,954	9,808,026
Total	26,889,367	120,182	294,954	26,714,595
Less: Accumulated depreciation	14,401,267	3,253,562	294,954	17,359,875
Total capital assets, net	$ 12,488,100	$ (3,133,380)	$ -	$ 9,354,720

The following estimated useful lives are used to compute depreciation:

Equipment	5 - 15 years
Buildings	20 - 40 years
Improvements	20 years

WOSU's television studios moved in December 2016 from the COSI Science Center to the Fawcett Center for an interim period as the organization plans for a new headquarters. The COSI lease, as described in Note 11, terminated in December 2016. During fiscal year 2016, WOSU recognized accelerated depreciation on leasehold improvements with the studios. Accelerated depreciation in the amount of $2,754,077 was included in depreciation expense in the Statement of Revenues, Expenses and Other Changes in Net Position at June 30, 2016. The remaining carrying value of the studious of $137,310 was recognized as depreciation expense during the year ended June 30, 2017.

5. FCC LICENSE

The purchase of commercial radio station WWCD (FM) and approval from the FCC on December 14, 2010 granted WOSU rights to the 101.1 FM radio frequencies. The FCC license is an indefinite life intangible after considering the expected use of the assets, the regulatory and economic environment within which it is being used, and the effects of obsolescence on their use. The FCC license authorizes WOSU to permanently use the broadcast spectrum, which is a resource that does not deplete or exhaust over time.

WOSU evaluates the license for impairment on an annual basis in accordance with GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*. No impairment loss was recorded in fiscal years 2017 or 2016.

6. RETIREMENT PLANS

WOSU employees are covered by one of two retirement systems. Substantially all employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

OPERS offers three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. These plans are discussed in greater detail in the following sections.

Defined Benefit Plans

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the organization.

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.shtml

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2017 are as follows:

	OPERS
Net pension liability - all employers	$ 22,652,226,030
Proportion of the net pension liability - WOSU	0.022%
Proportionate share of net pension liability	$ 5,092,947

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2016 are as follows:

	OPERS
Net pension liability - all employers	$ 17,272,216,381
Proportion of the net pension liability - WOSU	0.025%
Proportionate share of net pension liability	$ 4,249,440

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2017:

		OPERS
Deferred Outflows of Resources:		
Differences between expected and actual experience	$	8,171
Changes in assumptions		815,641
Net difference between projected and actual earnings on pension plan investments		759,401
Changes in proportion of university contributions		2,882
Employer contributions subsequent to the measurement date		233,020
Total	**$**	**1,819,115**
Deferred Inflows of Resources:		
Differences between expected and actual experience	$	40,356
Changes in proportion of university contributions		155
Total	**$**	**40,511**

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2016:

		OPERS
Deferred Outflows of Resources:		
Differences between expected and actual experience	$	864
Net difference between projected and actual earnings on pension plan investments		1,260,607
Changes in proportion of university contributions		3,668
Employer contributions subsequent to the measurement date		240,463
Total	**$**	**1,505,602**
Deferred Inflows of Resources:		
Differences between expected and actual experience	$	90,822
Changes in proportion of university contributions		109
Total	**$**	**90,931**

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	OPERS
2018	872,602
2019	660,841
2020	269,921
2021	(23,184)
2022	(687)
2023 and Thereafer	(889)
Total	**$ 1,778,604**

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for OPERS.

	OPERS
Statutory Authority	Ohio Revised Code Chapter 145
Benefit Formula	Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.
Cost-of-Living Adjustments	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.
Contribution Rates	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2014, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	December 31, 2016

	OPERS
Actuarial Assumptions	**Valuation Date:** December 31, 2016 **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 7.5% **Inflation:** 3.25% **Projected Salary Increases:** 3.25% - 10.75% **Cost-of-Living Adjustments:** 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple through 2018, then 2.15% Simple.
Mortality Rates	RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Date of Last Experience Study	December 31, 2015
Investment Return Assumptions	The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:
Discount Rate	The discount rate used to measure the total pension liability was 7.5% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Asset Class	**Target Allocation**	**Long Term Expected Return***
Fixed Income	23.0%	2.75%
Domestic Equity	20.7%	6.34%
Real Estate	10.0%	4.75%
Private Equity	10.0%	8.97%
International Equity	18.3%	7.95%
Other Investments	18.0%	4.92%
Total	100.0%	

* Returns presented as arithmetic means

	OPERS		
Sensitivity of Net Pension Liability to Changes in Discount Rate	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
	$ 7,801,076	$ 5,092,947	$ 2,837,184

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offer a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Combined Plans

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Summary of Employer Pension Expense

Total pension expense for the year ended June 30, 2017, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	$ 455,595	$ 100,954	$ 556,549
GASB 68 Accruals	479,573		479,573
Total Pension Expense	**$ 935,168**	**$ 100,954**	**$ 1,036,122**

Total pension expense for the year ended June 30, 2016, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	$ 468,520	$ 88,110	$ 556,630
GASB 68 Accruals	40,276	-	40,276
Total Pension Expense	**$ 508,796**	**$ 88,110**	**$ 596,906**

Pension expense is allocated to program and supporting service expenses on the Statement of Revenues, Expenses and Other Changes in Net Position.

Post-Retirement Health Care Benefits

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2017 and 2016, OPERS allocated 1.0% and 2.0%, respectively, of the employer contribution rate to fund the health care program for retirees.

7. ACCRUED COMPENSATED ABSENCES

The WOSU Station employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WOSU Public Media follows the university's policy for accruing sick leave liability. WOSU accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, WOSU Public Media utilizes the University's calculated rate, Sick Leave Termination Cost per Year Worked that is based on the University's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WOSU Public Media to the total year-of-service for WOSU current employees.

Long term liabilities related to accrued compensated absences as of June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 379,689	$ 42,561	$ 12,296	$ 409,954	$ 6,148

Long term liabilities related to accrued compensated absences as of June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 396,858	$ 32,415	$ 49,584	$ 379,689	$ 24,792

8. CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

WOSU Public Media received grant funds from the Corporation for Public Broadcasting (CPB) to assist in the operations of the stations. The following summarizes grant funds earned during the fiscal year:

	Fiscal Year 2017		
CPB Grant	**WOSU-FM**	**WOSU-TV**	**Total**
Community Service	$ 299,295	$ 1,070,562	$ 1,369,857
Interconnection Grant		19,271	19,271
Total	$ 299,295	$ 1,089,833	$ 1,389,128

	Fiscal Year 2016		
CPB Grant	**WOSU-FM**	**WOSU-TV**	**Total**
Community Service	$327,216	$1,215,379	$ 1,542,595
Interconnection Grant		$22,289	22,289
Total	$ 327,216	$ 1,237,668	$ 1,564,884

9. UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the university. The university provides for the general operating costs of WOSU operations. The university's direct support amounted to $1,457,607 and $1,720,861, for the years ended June 30, 2017 and 2016, respectively. In addition, the University provided $1,129,313 and $1,570,501 in indirect administrative support during fiscal years 2017 and 2016, respectively. The indirect administrative support revenues were calculated using the university's “modified other sponsored activities indirect costs rate” of 9.97% and 15.76% for fiscal years ended June 30, 2017 and 2016, respectively.

WOSU provides media production services, underwriting services, and space rental to the university. The total revenue reported in the state and local revenue line for the years ended June 30, 2017 and 2016 were $209,245 and $213,161, respectively.

10. INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by the university. These funds are the property of the university, and as such are not included within WOSU's investment portfolio included within the Statement of Net Position. WOSU Public Media receives income generated from the Donald R. Glancy Endowed Fund in excess of $7,000 per year to support television and radio programming needs. WOSU Public Media received $27,065 and $25,442 from this fund during fiscal years 2017 and 2016, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKitrick Family Fund. During fiscal years 2017 and 2016, WOSU Public Media received $272 and $257 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary has been included in the statement of revenues, expenses and other changes in net position. The following summarizes the value of these funds as of June 30, 2017 and 2016:

Fund Name	2017 Market Value	2016 Market Value
Donald R. Glancy Endowed Fund	$ 671,281	$ 616,738
John McKitrick Family Fund	6,713	6,212
Total Income Beneficiary Funds	$ 677,994	$ 622,950

11. OPERATING LEASE OBLIGATION

WOSU originally leased office space from The Center of Science and Industry (COSI) under an agreement with a 10-year occupancy term commencing on the date of occupancy (December 15, 2006). In December 2015, the lease was renegotiated to renew on an annual basis. The lease amount is subject to annual adjustment based on the consumer price index (CPI). As of June 30, 2016, future minimum rental payments based on the CPI indexed rate for fiscal year 2017 is $270,394. The lease was terminated effective November 30, 2016 upon agreement by both parties. WOSU's television studios at the COSI Science Center were moved to the Fawcett Center.

WOSU leases office space at the Fawcett Center under an annual agreement with the university. WOSU pays a portion of the rent directly to the Business Advancement office in accordance with the lease agreement. WOSU paid approximately $143,328 and $138,487 during 2017 and 2016, respectively, under this agreement. The lease amount is based on an annual square footage rate.

The total rental expense charged to operations was $257,099 and $392,539 during 2017 and 2016, respectively. Future minimum payments for significant operating leases with initial or remaining terms in excess of one year are as follows:

2018	$ 168,850
2019	173,916
2020	89,566
Total	$ 432,332

WOSU leases land from an individual under an agreement with a five-year term commencing with the purchase of WWCD FM on December 14, 2010. The lease term automatically renews for three additional five-year terms. Future minimum lease payments approximate $12,000 per year through 2025. Rental expense charged to operations was $12,000 during 2017 and 2016.

12. DEBT OBLIGATIONS

Debt activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Line of credit - 101.1 FM	$ 116,578	$ -	$ 116,578	$ -	$ -
Promissory note	2,303,581	-	158,824	2,144,757	158,824
Total before discount	$ 2,420,159	$ -	$ 275,402	2,144,757	$ 158,824
Discount on promissory note				(767,982)	
Total lines of credit and promissory note, net present value				$ 1,376,775	

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

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Line of credit - COSI	$ 288,198	$ -	$ 288,198	$ -	$ -
Line of credit - 101.1 FM	228,593	-	112,015	116,578	116,578
Promissory note	2,462,101	-	158,520	2,303,581	158,520
Total before discount	$ 2,978,892	$ -	$ 558,733	2,420,159	$ 275,098
Discount on promissory note				(824,368)	
Total lines of credit and promissory note, net present value				$ 1,595,791	

WOSU financed the purchase of the WOSA (FM) on December 14, 2010 through a promissory note with the seller for $3,450,000 and it is non-interest bearing. As such, the net present value of the note is less than face value. The net present value of the note (at an imputed interest rate of 4.80%) is $1,376,775 and $1,595,791 at June 30, 2017 and June 30, 2016, respectively. The monthly principal on the note shall be amortized over 20 years. The discount and imputed interest expense on the note are included in the statement of revenue, expenses and change in net position

In addition, WOSU received an advance from the university to pay for the FM radio station acquisition in the amount of $2,250,000. WOSU repaid $1,763,777 of the advance upon the sale of the AM radio station in 2012. On July 1, 2014, WOSU modified repayment terms on the advance of $336,223 to a line of credit with the university. The line of credit will be repaid over 3 years and bears an interest rate of 4.0%. WOSU paid $116,578 and $112,015 during fiscal year 2017 and 2016, respectively. The radio station line of credit was paid in full during 2017.

WOSU established two lines of credit during fiscal year 2007, with maturity in June 2016. The lines of credit were financed through the university for $1,200,000 for the renovation of its Radio Studios and for $5,000,000 for the construction of its COSI location radio and television broadcasting studios. Interest on the outstanding principal balance is based on the university's monthly investment credit rate as determined by the Office of Financial Services, which was 0.20% during

2016 and 2015. The Radio Studios line of credit was paid in full during 2015. The COSI line of credit was paid in full during 2016.

The following is a schedule showing the amounts due for the debt obligations as of June 30, 2017:

		Principal
2018	$	158,520
2019		158,520
2020		158,520
2021		158,520
2022		158,520
2023-2027		792,600
2028-2031		559,557
Total	$	2,144,757

Interest expense of $58,894 and $64,168 was incurred on the debt during fiscal year 2017 and 2016, respectively.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Required Supplementary Information on GASB 68 Pension Liabilities (Unaudited)

For the Years Ended June 30, 2017, 2016, and 2015

The schedule of WOSU's proportionate shares of OPERS net pension liabilities are presented below:

	2017	2016	2015
WOSU proportion of the collective net pension liability	0.022%	0.025%	0.026%
WOSU proportionate share of the net pension liability	$ 5,092,947	$ 4,249,440	$ 3,156,849
WOSU covered payroll	$ 3,200,020	$ 3,381,780	$ 3,546,706
WOSU proportionate share of the net pension liability as a percentage of its covered payroll	159%	126%	89%
Plan fiduciary net position as a percentage of the total pension liability	77.4%	81.1%	86.5%

The schedule of WOSU's contributions to OPERS are presented below:

	2017	2016	2015
Contractually required contribution	$ 455,595	$ 468,520	$ 482,900
Contributions in relation to the contractually required contribution	$ 455,595	$ 468,520	$ 482,900
Contribution deficiency (excess)	$ -	$ -	$ -
WOSU covered payroll	$ 3,212,283	$ 3,309,940	$ 3,411,352
Contributions as a percentage of covered payroll	14.2%	14.2%	14.2%

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Supplemental Schedule of Revenue and Expenses by Telecommunication Operations (Unaudited)

For the Year Ended June 30, 2017

REVENUES AND OTHER SUPPORT	Radio	Television	Totals
The Ohio State University Direct Support	$ 742,144	$ 715,463	$ 1,457,607
Contributed services	225,458	770,674	996,132
Donated facilities and support - OSU	470,782	658,531	1,129,313
Grants from the CPB	299,295	1,089,833	1,389,128
Member contributions	2,251,980	1,833,865	4,085,845
Public Broadcasting Service	1,200	10,250	11,450
Business and industry	441,316	816,049	1,257,365
Foundations/NPO's	379,265	369,591	748,856
Fundraising	7,500	-	7,500
Federal grants	14,307	30,147	44,454
State and local grants	350,963	1,443,453	1,794,416
Investment income:			
Interest and dividend income	134,403	119,538	253,941
Unrealized gain on investments	225,211	184,264	409,475
Endowment contributions	3,551	2,741	6,292
Capital grants and gifts	898,493	780,171	1,678,664
Royalties	47	1,231	1,278
Other	220	12,798	13,018
Spectrum	-	8,835,859	8,835,859
Total Support, Revenue, and Other Additions	6,446,135	17,674,458	24,120,593
EXPENSES			
Program Services:			
Programming and production	2,250,508	3,903,247	6,153,755
Broadcasting	905,782	1,716,502	2,622,284
Program information	212,131	184,985	397,116
Total Program Services	3,368,421	5,804,734	9,173,155
Supporting Services:			
Management & general	969,444	1,358,291	2,327,735
Fundraising	750,539	641,413	1,391,952
Underwriting	270,938	229,880	500,818
Interest expense	58,894	-	58,894
Depreciation	116,414	219,121	335,535
Total Supporting Services	2,166,229	2,448,705	4,614,934
Total Expenses	5,534,650	8,253,439	13,788,089
Change in Net Position	$ 911,485	$ 9,421,019	$ 10,332,504

Basis of Presentation

The accompanying supplementary information has been prepared to satisfy the requirements of the Corporation for Public Broadcasting. WOSU holds licenses for both public television stations and public radio stations. The supplementary information provides support for the change in net position for television and radio operations. The schedule is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures.

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

To the Board of Trustees of
The Ohio State University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WOSU Public Media ("WOSU") , a department of The Ohio State University, as of and for the year ended June 30, 2017, appearing on pages 8 to 28, which comprise the statement of net position, and the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 2, 2018.

Internal Control over Financial Reporting

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

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

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

PricewaterhouseCoopers LLP, 41 South High Street, Suite 2500, Columbus, OH 43215
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Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

January 2, 2018

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Dave Yost • Auditor of State

WOSU PUBLIC MEDIA

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 23, 2018

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