# WOUB Center for Public Media

A Public Media Entity
(A Department of Ohio University)

Financial Statements as of and for the
Years Ended June 30, 2017 and 2016 and
Independent Auditor's Report

Dave Yost · Auditor of State

Board of Trustees
WOUB Center for Public Media
West Union Street Office Center, Suite 275
1 Ohio University
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the WOUB Center for Public Media, Athens County, prepared by Plante & Moran, PLLC, 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 WOUB Center for Public Media is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 21, 2017

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# WOUB Center for Public Media

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# Independent Auditor's Report

To the Board of Directors
WOUB Center for Public Media

## Report on the Financial Statements

We have audited the accompanying financial statements of WOUB Center for Public Media, a public media entity (a department of Ohio University) (the "Center") as of and for the years ended June 30, 2017 and 2016 and the related notes to the financial statements, which collectively comprise WOUB Center for Public Media's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

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

To the Board of Directors
WOUB Center for Public Media

***Emphasis of Matter***

We draw attention to Note 1, which explains that these financial statements of the Center are intended to present the net position, the changes in its net position, and the changes in its cash flows of only that portion of Ohio University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the net positions of Ohio University as of June 30, 2017 and 2016, the changes in its net position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Center's proportionate share of the net pension liability, and the schedule of center contributions, as listed in the table of contents, be presented 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, which 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017 on our consideration of WOUB Center for Public Media's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 WOUB Center for Public Media's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 7, 2017

The discussion and analysis of WOUB Center for Public Media's (WOUB or the "Center") financial statements provides an unaudited overview of the Center's financial activities for the fiscal years ended June 30, 2017, 2016, and 2015. Management has prepared the financial statements and the related note disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

### Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement requires a comprehensive look at the Center as a whole. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, which applies those standards to public colleges and universities. The WOUB Center for Public Media is a department of Ohio University (the "University"), a public university. The GASB has not yet developed accounting standards for presentation of auxiliary (or departmental) entities. For the purpose of this reporting, the Center is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35. In addition, the Center's accounting policies and practices conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follows published *Governmental Accounting Standards*.

The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year. The financial report includes basic financial statements that provide information on the Center: the statements of net position; revenue, expenses, and changes in net position; and cash flows.

This annual financial report includes the report of the independent auditors, this management's discussion and analysis, the three basic financial statements referenced above, and the notes to the financial statements.

### Financial Highlights

In the current year, revenue was up \$17,401,377, mainly driven by \$18,412,349 of revenue from participation in a Federal Communications Commission (FCC) Spectrum Auction. Expenses decreased by \$373,773. This caused an increase in net position of \$17,124,779. Without the one-time revenue from the FCC auction, revenue would have decreased \$1,010,972 or 12.3 percent. Expenditures include \$785,460 of pension expense from the unfunded pension liability GASB 68 adjustments. Without the effects of these GASB 68 adjustments, expenditures would have decreased \$1,159,233 or 13.1 percent. See details in the discussion on statements of net position and Note 8 to the financial statements.

### Statements of Net Position

The statements of net position present the net position of the Center as of the end of the fiscal year. It classifies assets and liabilities as current or noncurrent. Generally, current liabilities are those that will be paid within one year of the date of the statement. Current assets are those that are available to satisfy current liabilities.

Accounts receivable (payable) - Ohio University represents amounts available in the cash account of the University for the benefit of the Center. All of the Center's receipts and disbursements are recorded in this account. The amounts are \$311,192, (\$36,298), and \$184,442 for the University for the years ended June 30, 2017, 2016, and 2015, respectively.

The following chart depicts the breakdown of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the Center as of June 30, 2017, 2016, and 2015:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Assets: | | | |
| Current assets: | | | |
| Accounts receivable and prepaid expenses | $ 18,416,256 | $ 324,295 | $ 34,759 |
| Accounts receivable - Ohio University | 311,192 | - | 184,442 |
| Noncurrent assets - Capital assets - Net | 2,798,784 | 3,378,573 | 3,731,092 |
| Total assets | 21,526,232 | 3,702,868 | 3,950,293 |
| Deferred outflows of resources | 937,444 | 626,169 | 204,657 |
| Liabilities: | | | |
| Current liabilities | 169,602 | 170,395 | 104,931 |
| Accounts payable - Ohio University | - | 36,298 | - |
| Noncurrent liabilities | 4,227,242 | 3,028,158 | 2,395,959 |
| Total liabilities | 4,396,844 | 3,234,851 | 2,500,890 |
| Deferred inflows of resources | 27,224 | 179,357 | 88,860 |
| Net position | **$ 18,039,608** | **$ 914,829** | **$ 1,565,200** |

The net position is further displayed as follows:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Net investment in capital assets | $ 2,450,627 | $ 3,001,308 | $ 3,326,272 |
| Unrestricted | 15,588,981 | (2,086,479) | (1,761,072) |
| Total net position | **$ 18,039,608** | **$ 914,829** | **$ 1,565,200** |

The most notable change for fiscal year 2017 was the increase in accounts receivable and the related increase in total net position. This was mainly driven by proceeds from the FCC Spectrum Auction of $18,412,349. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Center (through the University) is required to carry its proportionate share of the net liability for the pension plans in which it participates. The unfunded pension liability will change each year resulting from changes in plan assumptions about economic and demographic factors, differences between actual and expected experience, and differences between actual and expected investment earnings. The current year impact from these factors is a decrease in net position of $785,460. In addition, deferred outflows of resources relating to pensions increased for fiscal year 2017, while deferred inflows of resources relating to pensions decreased (see details in Note 8). There was also a change in the Center's share of cash accounts from a payable position to the University of approximately $36,000 in fiscal year 2016 to a receivable position from the University of approximately $311,000 in fiscal year 2017.

### Participation in the FCC Spectrum Auction

Radio frequency spectrum is used to transmit electromagnetic signals for a wide range of uses, including broadband services, satellite communications, and radio and television broadcasting. The FCC manages this natural resource, assigning spectrum rights to specific license holders. In 2012, Congress instructed the FCC to reorganize the radio frequency spectrum to free up bandwidth to expand high-speed wireless internet service nationwide.

The FCC's plan called for freeing more spectrum for wireless broadband use by using less spectrum for broadcast television. They decided to reorganize the channels to which TV broadcasters are assigned. The FCC held an auction, which began in March 2016, to buy spectrum rights from those television licensees who were willing to sell their spectrum. The auction took several months to complete.

In consultation with the Administrators of its licensee, Ohio University, and the Ohio University Board of Trustees, WOUB Administrators decided to protect WOUB-TV's UHF spectrum and the future technologies that it may bring by not participating in the FCC spectrum auction.

However, it was decided that WOUC-TV (Cambridge) would participate in the auction by offering to move to a lower frequency on the broadcast spectrum (from UHF to a low VHF band). The bid was accepted by the FCC and WOUC was awarded $18,412,349 in the spring of 2017 with the actual receipt of funds in July 2017.

The majority of these funds, $14.1 million, were placed in a term endowment when received in order to ensure the future financial health of WOUB/WOUC and to safeguard and sustain public broadcasting for viewers of southeastern Ohio and western West Virginia. The remainder of the funds will (by requirement) completely fund WOUC-TV moving to VHF, eliminate outstanding debt to the University, and allow for needed upgrades to aged and failing broadcast equipment for the television and radio public media center.

### Statements of Revenue, Expenses, and Changes in Net Position

The statements of revenue, expenses, and changes in net position present the Center's results of operations for the years ended June 30, 2017 and 2016.

### Operating Revenue

Charges for goods and services are recorded as operating revenue. In addition, certain grants are classified as operating revenue if they are not for capital purchases and are provided as a contract for services. Essentially, this means that the Center is required by the grant to provide goods or services to the grantor of equal value to the value of the services or dollars received. Operating revenue includes an annual community service grant from the Corporation for Public Broadcasting (the "corporation") and the State of Ohio, administered through an annual grant from the Broadcast Education Media Commission. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the "University"). Total operating revenue is $24,070,336, $6,277,653, and $6,863,353 for the years ended June 30, 2017, 2016, and 2015, respectively. Total operating revenue was up 283.4 percent from 2016, due to proceeds from the FCC WOUC Spectrum Auction.

### Nonoperating Revenue

Certain grants are also classified as nonoperating revenue if the Center is not required under the grant agreement to provide goods or services to the grantor of equal value to the services or dollars received. Total nonoperating revenue is $1,549,056, $1,940,362, and $1,327,752 for the years ended June 30, 2017, 2016, and 2015, respectively. Included in this amount is in-kind contributions of $939,259, $1,315,260, and $756,340 for the years ended June 30, 2017, 2016, and 2015, respectively. Overall, nonoperating revenue was down 20.2 percent due to a decrease of in-kind revenue from the Broadcast Educational Media Corporation.

### Total Revenue

The following depicts total revenue by source for the years ended June 30, 2017, 2016, and 2015:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Support from Ohio University | $ 3,203,887 | $ 3,638,188 | $ 4,308,242 |
| Grants and contracts | 1,121,079 | 611,099 | 1,100,089 |
| Private gifts | 1,549,056 | 1,940,362 | 1,327,752 |
| Sales and services | 18,806,111 | 713,106 | 698,682 |
| In-kind support | 939,259 | 1,315,260 | 756,340 |
| Total revenue by source | **$ 25,619,392** | **$ 8,218,015** | **$ 8,191,105** |

### Total Expenses

Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Center. In addition, depreciation expense of $463,946, $651,999, and $707,904 for the years ended June 30, 2017, 2016 and 2015, respectively, is shown as an operating expense. Operating expenses decreased 4.2 percent due in part to a decrease in communication and programming expense.

The following depicts operating expenses for the Center for the years ended June 30, 2017, 2016, and 2015:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Program and support services | $ 7,889,892 | $ 8,216,387 | $ 7,311,445 |
| Depreciation | 463,946 | 651,999 | 707,904 |
| Disposal of plant facilities | 140,775 | - | - |
| Total expenses by source | **$ 8,494,613** | **$ 8,868,386** | **$ 8,019,349** |

### Change in Net Position

Total change in net position is as follows:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Operating revenue | $ 24,070,336 | $ 6,277,653 | $ 6,863,353 |
| Nonoperating revenue | 1,549,056 | 1,940,362 | 1,327,752 |
| Expenses | (8,494,613) | (8,868,386) | (8,019,349) |
| Increase (decrease) in net position | 17,124,779 | (650,371) | 171,756 |
| Beginning net position | 914,829 | 1,565,200 | 3,096,495 |
| Change in accounting standard | - | - | (1,703,051) |
| Adjusted beginning net position | 914,829 | 1,565,200 | 1,393,444 |
| Ending net position | **$ 18,039,608** | **$ 914,829** | **$ 1,565,200** |

### Statements of Cash Flows

The statements of cash flows present detailed information about the major sources and uses of cash. The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the statements of net position as accounts receivable (payable) - Ohio University. For the purpose of the statements of cash flows, this account is considered a cash equivalent.

The three categories of presentation and their respective amounts for the years ended June 30, 2017, 2016, and 2015 are as follows:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Net cash (used in) provided by: | | | |
| Operating activities | $ (103,790) | $ (482,509) | $ 253,700 |
| Noncapital financing activities | 469,022 | 625,102 | 571,412 |
| Capital and related financing activities | (54,040) | (327,035) | (1,017,426) |
| Net increase (decrease) in cash | 311,192 | (184,442) | (192,314) |
| Cash - Beginning of year | - | 184,442 | 376,756 |
| Cash - End of year | **$ 311,192** | **$ -** | **$ 184,442** |

### Capital Assets

The Center retired a large portion of its capital assets during fiscal year 2017. These capital asset retirements included space in the Radio TV Communication Building, which was repurposed for the College of Communication after a renovation of the building.

More detailed information about the Center's capital assets is presented in Note 2 to the financial statements.

### Debt Administration

As of June 30, 2017, the Center had $348,156 in an outstanding loan payable compared to $377,264 at the end of 2016. This loan is payable to Ohio University and will be fully repaid in 2018 from the proceeds of the FCC WOUC Spectrum Auction.

More detailed information about the Center's loan payable is presented in Note 5 to the financial statements.

### Economic Outlook and Items of Interest

WOUB Public Media is a multimedia organization dedicated to the distribution of news, sports, weather, perspectives, arts, music, and entertainment through various mediums such as television, radio, and digitally through our website woub.org.

**Local Value, Key Services, and Local Impact**

During fiscal year 2017, WOUB Center for Public Media (WOUB) continued to be a valuable part of the southeastern Ohio and western West Virginia area. A high priority was to provide local news, sports, and weather to a market area that is not served by commercial broadcasters. WOUB uses radio to reach an audience with content not found in commercial media. It also utilizes local programs to extend the expertise of Ohio University to the greater community.

WOUB provides the following key services to the local area: (1) 142 episodes of local television broadcast content consisting of news, sports, and feature documentary productions; (2) a broadcast outlet for independent producers and continued with local partnerships such as the Nelsonville Music Festival to expand the reach and culture of the region; (3) produces and broadcasts 206 episodes of radio full-format content featuring local music and area experts to reach an audience on WOUB-FM's five-station network; and (4) utilizing social media and digital outlets to produce and nationally distribute full-audio drama productions as well as a number of continuing podcast series.

WOUB's local services have a deep impact in the local listening and viewing area. It continues to provide daily information through television, radio, online, and social media - keeping viewers, listeners and users aware of news that affects them. WOUB's partnership with Ohio University allows for real-life training for students, not just in the creation of relevant local content, but in distribution as well.

**Financial Highlights**

WOUB's budget has been fairly stable under the RCM (responsibility-centered management) budget model. Factors contributing to this stability include consistent funding from the Corporation for Public Broadcasting along with minimal decreases in funding from the State of Ohio. WOUB's membership dollars and underwriting sales have been consistent as well. In fact, membership revenue exceeded projections for fiscal year 2017.

Also in fiscal year 2017, a long-term game-changing event took place. With two television transmitters in operation, WOUB decided to participate in the FCC Spectrum Auction with the WOUC/Cambridge transmitter. The participation level was to allow for the movement of the channel from 35 in the UHF spectrum, to a lower VHF position, opening up space in the area spectrum for wireless activities to take place. After almost a year-long active-auction process, WOUB was awarded $18.4 million from the FCC. These auction proceeds allowed for multiple positive events to take place, including: the immediate payoff of an existing university debt relieving some expense pressure on the operating budget; the replacement of top priority capital pieces of broadcast equipment; and a long-term solution to future capital funding needs with the start-up of a WOUB Endowment with an initial principal deposit of $14.1 million.

**Production Highlights**

*Newswatch*: WOUB continued with its longest-running local television production with the broadcast of 119 unique episodes of *Newswatch*. Focusing on an area with little to no commercial news coverage, *Newswatch* is often the only source for local video and stories and is a valuable community asset for news (particularly during election cycles), weather, sports, and community experts. *Newswatch* is a partnership between WOUB and the students (primarily) within the Scripps College of Communication who, while led by WOUB professional staff, carry out the work of reporters, anchors, videographers, technical crew, and producers.

*Online activities*: WOUB's online presence continues to attract users as a place for local information as well as video content developed specifically for woub.org. In fiscal year 2017, woub.org experienced 1,106,797 page views from 387,698 unique users, while digital video on WOUB's YouTube account had 1,043,606 views (up 78 percent from fiscal year 2016) representing 3,001,035 minutes of local content being utilized (up 51 percent from last FY). Meanwhile, the WOUB social media accounts continue to grow. Between the primary and specialized Facebook pages, WOUB has a following of 13,155 people, while Twitter shows 13,854 followers.

*News on mobile devices*: With the launch of a new responsive design website, content from woub.org is much more accessible and user friendly on mobile devices. With this change and WOUB's expanded use of Facebook and Twitter for breaking news and weather information, access to woub.org from mobile devises increased from 37 percent (total users) in fiscal year 2015 to 46 percent in fiscal year 2016, and now to 47 percent in fiscal year 2017.

*Showcase of local sports:* WOUB produces two local programs to highlight the region's athletic accomplishments: (1) *Gridiron Glory* is in its 19th season and broadcasts high school football highlights each week. It has been awarded a Student Production Award for several years from the National Academy of Television Arts and Sciences (NATAS) including in fiscal year 2017; (2) *Hardwood Heroes*, in its fifth season, broadcasts high school basketball highlights and has also been singled out by the NATAS for student production excellence.

*Partnership with Nelsonville Music Festival (NMF)*: The Festival continues to be an annual favorite for many music lovers, and one of the best festivals in the Midwest. Set in the beautiful, rolling hills of Southeast Ohio, NMF continues to gain fans who want a music festival with a more personal experience. The festival offers live music on multiple stages, including a small no-fi cabin and a picturesque porch stage in addition to a main stage. Over four days, NMF offers multiple stages of music along with camping on site, kids' activities, local art vendors, and food. The Nelsonville Music Festival takes sustainability seriously and is a zero waste event, diverting 94 percent of the waste. The Nelsonville Music Festival is a production of Stuart's Opera House, a historic, nonprofit theater located in Nelsonville that features over 75 events a year including live music, theater, films, educational programming, and more. WOUB has extensive coverage of this event, creating professional video and audio recordings of artists for distribution on the WOUB YouTube channel. In partnership with the Ohio University School of Media Arts and Studies, WOUB's relationship with NMF continues to grow, and WOUB is now provided its own stage for the purpose of video production. In fiscal year 2017, 4,572 unique users read articles on woub.org about the festival. On YouTube, videos produced in fiscal year 2017 from the main stage have reached 12,253 views, while the more personal Gladden House Sessions have already reached 86,170 views.

*Live from Jorma Kaukonen's Fur Peace Ranch*: Produced since 1999, this is a production by WOUB radio and is a weekly series of live music performance recorded at the Fur Peace Ranch in Darwin, Ohio. Airing Friday evenings on the WOUB Radio Network, the series has also been made available to other public radio outlets, expanding the reach of this unique local effort.

*Showdown*: This is also a production by WOUB radio and is a monthly in-studio broadcast of bluegrass performed at WOUB with a live studio audience. Each month (excluding July and August), two regional bluegrass bands perform an hour set each, for 20 hours of local programming for the year.

*Our Town*: WOUB is committed to local storytelling and community engagement. *Our Town* is a series of 60-minute feature documentaries that discover the heritage and spirit of local cities within WOUB's viewing area. To date, four documentaries have been produced: *Our Town: Lancaster, Our Town: Pomeroy, Our Town: Nelsonville,* and *Our Town: Jackson.* Each documentary presents fascinating stories of the towns' history, personalities, and unique contributions to the region, state, and nation. The next production will be *Our Town: Athens.*

*Audio Productions*: WOUB produces, broadcasts, and distributes over 160 audio programs annually designed to serve the needs of the local region and beyond. Many local hosts led discussions with area experts and special guests from outside the region on topics ranging from poetry, art exhibits, theatre productions, and authors to innovation, medicine and healthcare, energy, disability, and accessibility. Two of WOUB's audio productions are *Innovation Conversations* and *Conversations from Studio B.*

*Partnership with the Barbara Geralds Institute for Storytelling and Social Impact at Ohio University:* This partnership is producing a series of three documentaries called *The Courage of Creativity* on the power of art programming to help individuals and organizations imagine new normal in the midst of uncertainty and vulnerability. The documentaries are produced and directed by Dr. Lynn M. Harter in partnership with WOUB. Dr. Harter, along with WOUB's Director Tom Hodson, are co-directors of the recently launched *Barbara Geralds Institute for Storytelling and Social Impact at Ohio University*. The fiscal year 2017 was filled with activities in the acquisition of footage for the latest piece, *"Realistically Ever After,"* set to be released in fiscal year 2018.

*Ohio Valley Resource:* WOUB became a participating member in a CPB-funded Regional Journalism Collaborative. Made up of radio and television stations in three states (WOUB, West Virginia Public Media, WMMT, Louisville Public Media, WEKU, WKYU, and WKMS), the *Ohio Valley Resource* has a focus on stories that meet the needs of those who live along the Ohio River area. This partnership has allowed WOUB to increase its local news efforts in-house, as well as utilizing relevant local content created on radio and online.

*Podcasts:* In fiscal year 2017, WOUB took advantage of the upsurge of podcast use by producing a number of series for distribution. The series of note include the following:

*Spectrum:* Featuring conversations with an eclectic group of fascinating people, some are famous and some are not, but they all have captivating stories. Spectrum, hosted by veteran journalist Tom Hodson, addresses a wide range of relevant topics through gripping stories of individuals.

*457SEO:* Where stories, information, and observations about our communities are shared and explored.

*Teaching Matters:* Hosted by Scott Titsworth, Dean of the Scripps College of Communication at Ohio University, *Teaching Matters* is an audio series exploring learning and teaching a new generation of students in a technological age. It is aimed at teachers, parents, and students.

*Jazzed About Work* features lively, informal conversations about everything it takes to create a resilient and rewarding career. In each segment, host Beverly Jones interviews professionals who can share their expertise related to the workplace. Her guests go beyond the research and get personal, as they talk about their interesting and often surprising professional paths.

At the end of fiscal year 2017, WOUB had reached a total of 655,331 clicks on the combined podcasts.

In summary, WOUB continues to evolve as the habits of its listeners and viewers change in the digital age. As a service to the greater community, one of the tasks is to provide content where the end users expect it to be, and can easily utilize it. Whether using Twitter for breaking news and weather information; radio to broadcast local bluegrass and well-known musicians alongside national and local news; television to showcase local documentaries and access to local broadcast news next to *PBS Newshour*, *NOVA*, and PBS Kids content; Snapchat and Instagram to reach students in order to build excitement around the locally produced high school sports content; or Facebook to share digital-only content and to have conversations centered around all WOUB or community content, WOUB continues to be a valuable resource across multiple platforms in order to reach the greater community.

## Statements of Net Position

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Assets and Deferred Outflows of Resources** | | |
| **Current Assets** | | |
| Accounts receivable | $ 18,412,349 | $ 320,388 |
| Prepaid expenses | 3,907 | 3,907 |
| Accounts receivable - Ohio University | 311,192 | - |
| Total current assets | 18,727,448 | 324,295 |
| **Noncurrent Assets** - Capital assets - Net | 2,798,784 | 3,378,573 |
| **Deferred Outflows of Resources** - Deferred outflows related to pensions | 937,444 | 626,169 |
| Total assets and deferred outflows of resources | **$ 22,463,676** | **$ 4,329,037** |
| **Liabilities, Deferred Inflows of Resources, and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ 126,483 | $ 140,144 |
| Accounts payable - Ohio University | - | 36,298 |
| Current portion of loan payable | 30,751 | 29,109 |
| Unearned revenue | 12,368 | 1,142 |
| Total current liabilities | 169,602 | 206,693 |
| **Noncurrent Liabilities** | | |
| Accrued compensated absences | 193,472 | 212,506 |
| Loan payable - Related party | 317,405 | 348,155 |
| Net pension liability | 3,716,365 | 2,467,497 |
| Total noncurrent liabilities | 4,227,242 | 3,028,158 |
| Total liabilities | 4,396,844 | 3,234,851 |
| **Deferred Inflows of Resources** - Deferred inflows related to pensions | 27,224 | 179,357 |
| **Net Position** | | |
| Net investment in capital assets | 2,450,627 | 3,001,308 |
| Unrestricted | 15,588,981 | (2,086,479) |
| Total net position | 18,039,608 | 914,829 |
| Total liabilities, deferred inflows of resources, and net position | **$ 22,463,676** | **$ 4,329,037** |

The Accompanying Notes are an Integral Part of This Financial Statement.

# WOUB Center for Public Media

## Statements of Revenue, Expenses, and Changes in Net Position

| | Year Ended June 30 | |
|---|---|---|
| | 2017 | 2016 |
| **Operating Revenue** | | |
| Federal grants and contracts | $ 10,519 | $ - |
| State grants and contracts | 714,252 | 726,528 |
| Community service grants | 1,335,567 | 1,199,831 |
| Support from Ohio University | 3,203,887 | 3,638,188 |
| Sales and services | 18,806,111 | 713,106 |
| Total operating revenue | 24,070,336 | 6,277,653 |
| **Operating Expenses** | | |
| Programming and production | 7,889,892 | 8,216,387 |
| Depreciation | 463,946 | 651,999 |
| Disposal of plant facilities | 140,775 | - |
| Total operating expenses | 8,494,613 | 8,868,386 |
| **Operating Gain (Loss)** | 15,575,723 | (2,590,733) |
| **Nonoperating Revenue** - Private gifts, grants, and other | 1,549,056 | 1,940,362 |
| **Increase (Decrease) in Net Position** | 17,124,779 | (650,371) |
| **Net Position** - Beginning of year | 914,829 | 1,565,200 |
| **Net Position** - End of year | **$ 18,039,608** | **$ 914,829** |

The Accompanying Notes are an Integral
Part of This Financial Statement.

## Statements of Cash Flows

| | Year Ended June 30 | |
|---|---|---|
| | 2017 | 2016 |
| **Cash Flows from Operating Activities** | | |
| Grants and contracts | $ 2,060,338 | $ 1,926,359 |
| Support from Ohio University | 3,203,887 | 3,638,188 |
| Payments to suppliers | (2,024,717) | (2,988,306) |
| Payments to or on behalf of employees | (4,057,448) | (3,770,106) |
| Payments for scholarships and fellowships | - | (1,750) |
| Sales and services | 714,150 | 713,106 |
| Net cash used in operating activities | (103,790) | (482,509) |
| **Cash Flows from Noncapital Financing Activities** - | | |
| Gifts and grants for other-than-capital purposes | 469,022 | 625,102 |
| **Cash Flows from Capital Financing Activities** | | |
| Payments on related party loan payable | (29,108) | (27,555) |
| Purchases of capital assets | (24,932) | (299,480) |
| Net cash used in capital financing activities | (54,040) | (327,035) |
| **Net Increase (Decrease) in Cash Equivalents** | 311,192 | (184,442) |
| **Cash Equivalents** - Beginning of year | - | 184,442 |
| **Cash Equivalents** - End of year | **$ 311,192** | **$ -** |

## Statements of Cash Flows (Continued)

| | Year Ended June 30 | |
|---|---|---|
| | 2017 | 2016 |
| **Reconciliation of Operating Gain (Loss) to Net Cash Used in Operating Activities** | | |
| Operating gain (loss) | $ 15,575,723 | $ (2,590,733) |
| Adjustments to reconcile operating gain (loss) to net cash used in operating activities: | | |
| Depreciation | 463,946 | 651,999 |
| In-kind gifts | 939,259 | 1,315,260 |
| Disposal of plant facilities | 140,775 | - |
| Changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources: | | |
| Accounts receivable | (18,091,961) | (301,321) |
| Prepaid expenses | - | 11,785 |
| Deferred outflows of resources | (311,274) | (421,512) |
| Deferred inflows of resources | (152,133) | 90,497 |
| Accounts payable and accrued liabilities | 93,504 | 99,830 |
| Unearned revenue | 11,226 | (1,050) |
| Accrued compensated absences | (21,723) | (11,936) |
| Net pension liability | 1,248,868 | 674,672 |
| Net cash used in operating activities | **$ (103,790)** | **$ (482,509)** |

## Note 1 - Organization and Summary of Significant Accounting Policies

**Organization** - The WOUB Center for Public Media (the "Center" or WOUB) is owned and operated by Ohio University (the "University") in Athens, Ohio and is a unit of the Scripps College of Communication. The Center manages two noncommercial public television stations: WOUB-TV in Athens, Ohio, and WOUC-TV in Cambridge, Ohio and one cable channel, WOUB II - channel 25 on Time Warner in Athens, Ohio. WOUB-TV consists of digital channels/streams, 20.1 WOUB-HD, 20.2 WOUB Classic, and 20.3 WOUB-Life. WOUC-TV consists of digital channels/streams, 44.1 WOUC-HD, 44.2 WOUC Unlimited, and 44.3 WOUC World. The Center also manages six noncommercial public radio stations, WOUB-AM and WOUB-FM in Athens, Ohio; WOUC-FM in Cambridge, Ohio; WOUL-FM in Ironton, Ohio; WOUH-FM in Chillicothe, Ohio; and WOUZ-FM in Zanesville, Ohio.

Other services provided by the Center include the following: audio and video productions; a nightly news program; regular radio news and sports reports; a media distribution center for Ohio University; student professional development for approximately 200 students a year; teleconferencing, streaming, and engineering consulting services; and complete web/interactive services through www.woub.org. The website is continually updated with current news, sports, music, and arts. It also contains educational interactive pages with content geared for K-12 teachers and students and provides streaming and programming of WOUB-TV, WOUB-Radio, PBS, and NPR.

The Center is not a separate legal entity and operates as a department of the University. The accompanying separate financial statements of the Center are prepared solely to meet the reporting requirements of the Corporation for Public Broadcasting, a major funding organization. These financial statements include only the activities of the Center and therefore, they are not intended to present fairly the financial position, change in net position, and cash flows of the University in conformity with accounting principles generally accepted in the United States of America. For a more extensive disclosure of significant accounting policies, refer to the University's financial statements available by contacting the Ohio University Controller's Office, 204 West Union Street Office Center, Athens, OH 45701.

**Financial Statement Presentation** - The financial statement presentation required by Governmental Accounting Standards Board (GASB) 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*, as amended, provides a comprehensive, department-wide (in this instance) perspective of the Center's assets, liabilities, net position, revenue, expenses, changes in net position, and cash flows. It replaces fund groups with net position groups, and requires the direct method of cash flow presentation.

**Basis of Accounting** - As a department of the University, the Center's financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when incurred.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

### Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

**Cash and Cash Equivalents** - Cash consists primarily of petty cash, cash in banks, and money market accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with original maturities of three months or less. The cash and cash equivalents are held at the University and are recorded as accounts receivable or payable to the University on the statements of net position.

**Accounts Receivable** - Accounts receivable consist of amounts due for tower leases, production services, and advertising. At June 30, 2017, the accounts receivable balance of $18,412,349 represents the full amount due from the Federal Communications Commission (FCC) for the spectrum auction sale. All amounts are deemed to be collectible; therefore, no allowance has been established as of June 30, 2017 or 2016.

**Capital Assets** - If purchased or constructed, capital assets are recorded at cost in the year of purchase or construction. If donated, they are recorded at their estimated fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

The following are the capitalization levels and estimated useful lives of the asset classes:

| Asset Class | Capitalize at | Estimated Useful Life |
|---|---|---|
| Land | Any amount | N/A |
| Infrastructure | $100,000 | 10-50 years |
| Buildings | Any amount | 40 years |
| Machinery and equipment | $5,000 | 5-25 years |

The costs of normal maintenance and repairs that do not materially increase the value of the capital asset or materially extend its life are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land and land improvements are not depreciated.

**Deferred Outflows and Deferred Inflows of Resources** - In addition to assets and liabilities, the statements of net position report a separate section for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption (outflows) and acquisition (inflows) of net position that apply to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until that time. The Center's deferred outflows and inflows of resources are related to its pensions (see Note 8 for more information). The Center recorded total deferred outflows of resources of $937,444 and $626,169 at June 30, 2017 and 2016, respectively, and total deferred inflows of resources of $27,224 and $179,357 at June 30, 2017 and 2016, respectively.

**Compensated Absences** - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limitations are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited.

### Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Certain employees are also eligible for compensatory time off in lieu of overtime pay. This is either used or paid out upon separation. The liability incurred is recorded at year end as a noncurrent liability in the statements of net position and the change over the prior year is recorded as a component of operating expense in the statements of revenue, expenses, and changes in net position.

**Pensions** - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and State Teachers Retirement System of Ohio (STRS) Pension Plan, and additions to/deductions from OPERS' and STRS' fiduciary net position have been determined on the same basis as they are reported by OPERS and STRS. Both OPERS and STRS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position** - The Center's net position is categorized as described below:

- **Net Investment in Capital Assets** - This represents the Center's position in property, plant, and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position - Nonexpendable** - Restricted nonexpendable net position is composed of gifts received for endowment purposes. The resources are invested with only the investment income available for use for purposes established by the donor.
- **Restricted Net Position - Expendable** - Restricted expendable net position represents assets that are restricted by a third party either legally or contractually.
- **Unrestricted Net Position** - Unrestricted net position includes resources derived primarily from operating funds provided by the University, which are designated for use by the Center, and from third parties whose only restriction over the use of resources provided is for the benefit of the Center as determined by management.

**Income Taxes** - The University is an organization described in Section 115 of the Internal Revenue Code of 1986 (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. As such, the Center is exempt from income taxes other than taxes on certain revenue, which is considered unrelated business income.

**Classification of Revenue** - Revenue is classified as either operating or nonoperating according to the following:

- **Operating Revenue** - Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include sales, services, and certain grants, which require that the Center provide goods or services to the grantor of equal value to the grant dollars received. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the University).

### Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

- **Nonoperating Revenue** - Nonoperating revenue includes revenue from activities that have characteristics of nonexchange transactions such as private gifts and certain grants, which do not require the Center to provide goods or services to the grantor of equal value to the grant dollars received.

**Support from the University** - The University provides indirect support to the Center through its administration and physical plant support. Indirect support is recorded as revenue and expense as incurred in the accompanying statements of revenue, expenses, and changes in net position.

Administrative support is derived from the percentage of the Center's operating expenditures over the University's total educational and general expenditures, excluding separately budgeted research, public service, scholarships, and fellowships. This percentage is applied against the University's overall institutional support to determine the administrative support expense to allocate to cost centers, based on the direct operating expenses.

Physical plant support is determined by an assessment of the square footage assigned the Center and the cost per square foot of providing types of physical plant support. Expenses are allocated to cost centers according to estimated square footage.

**In-kind Support** - In-kind support is provided by the Broadcast Education Media Commission (BEMC). In-kind amounts are based on the value of access to and use of educational broadcasting services and are summarized on a statement provided by BEMC. Expenses are allocated to cost centers based on the nature of the in-kind support provided. In-kind support is included in revenue and expenses in the accompanying statements of revenue, expenses, and changes in net position.

**Related Parties** - Contributions received by The Ohio University Foundation (the "Foundation"), which are restricted as to use for the Center, are managed by the Foundation. The Center records cash received by the Foundation as both revenue and expense when monies are used by the Foundation to pay expenses.

The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the statements of net position as accounts receivable (payable) - Ohio University. For the purpose of the statements of cash flows, this account is considered a cash equivalent.

**Upcoming Accounting Pronouncement**

**Reporting for Postemployment Benefits Other Than Pensions** - In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Center to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS and STRS plans. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Center is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Center's financial statements for the year ending June 30, 2018.

## Note 2 - Capital Assets

Capital assets reported by the Center are assets of the State of Ohio, with the University having custodial responsibility. The building values have been prorated based upon the Center's percentage usage of the net assignable square footage, applied to the actual cost plus improvements of the buildings. Equipment represents items listed on the University's general ledger as equipment for the Center with a unit value of at least $5,000 and an estimated useful life of one year or more.

The following tables present the changes in the various capital asset categories for the years ended June 30, 2017 and 2016:

| | Balance July 1, 2016 | Additions | Transfers | Retirements | Balance June 30, 2017 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 69,235 | $ - | $ - | $ - | $ 69,235 |
| Construction in progress | - | 1,727 | - | - | 1,727 |
| Total capital assets not being depreciated | 69,235 | 1,727 | - | - | 70,962 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 5,861,312 | - | - | - | 5,861,312 |
| Buildings | 4,133,831 | 50 | - | (1,087,393) | 3,046,488 |
| Machinery and equipment | 10,867,382 | 23,155 | - | (1,910,034) | 8,980,503 |
| Total capital assets being depreciated | 20,862,525 | 23,205 | - | (2,997,427) | 17,888,303 |
| Total capital assets | 20,931,760 | 24,932 | - | (2,997,427) | 17,959,265 |
| Less accumulated depreciation: | | | | | |
| Infrastructure | 4,639,944 | 197,401 | - | - | 4,837,345 |
| Buildings | 3,412,407 | 44,899 | - | (946,618) | 2,510,688 |
| Machinery and equipment | 9,500,836 | 221,646 | - | (1,910,034) | 7,812,448 |
| Total accumulated depreciation | 17,553,187 | 463,946 | - | (2,856,652) | 15,160,481 |
| Total capital assets being depreciated - Net | 3,309,338 | (440,741) | - | (140,775) | 2,727,822 |
| Capital assets - Net | $ 3,378,573 | $ (439,014) | $ - | $ (140,775) | $ 2,798,784 |

## Note 2 - Capital Assets (Continued)

| | Balance July 1, 2015 | Additions | Transfers | Retirements | Balance June 30, 2016 |
|---|---|---|---|---|---|
| Capital assets not being depreciated - Land | $ 69,235 | $ - | $ - | $ - | $ 69,235 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 5,861,312 | - | - | - | 5,861,312 |
| Buildings | 3,855,567 | 278,264 | - | - | 4,133,831 |
| Machinery and equipment | 10,956,040 | 21,216 | - | (109,874) | 10,867,382 |
| Total capital assets being depreciated | 20,672,919 | 299,480 | - | (109,874) | 20,862,525 |
| Total capital assets | 20,742,154 | 299,480 | - | (109,874) | 20,931,760 |
| Less accumulated depreciation: | | | | | |
| Infrastructure | 4,481,025 | 158,919 | - | - | 4,639,944 |
| Buildings | 3,353,028 | 59,379 | - | - | 3,412,407 |
| Machinery and equipment | 9,177,009 | 433,701 | - | (109,874) | 9,500,836 |
| Total accumulated depreciation | 17,011,062 | 651,999 | - | (109,874) | 17,553,187 |
| Total capital assets being depreciated - Net | 3,661,857 | (352,519) | - | - | 3,309,338 |
| Capital assets - Net | $ 3,731,092 | $ (352,519) | $ - | $ - | $ 3,378,573 |

Certain equipment was purchased with grants from the National Telecommunications and Information Administration (NTIA) under their Public Telecommunications Facilities Program (PTFP). The equipment is considered to be owned by the University and is included in the books at net book value. Each piece of equipment is subject to a 10-year lien with the United States Department of Commerce NTIA/PTFP named as the secured party.

## Note 3 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2017 and 2016 consist of the following:

| | 2017 | 2016 |
|---|---|---|
| Accounts payable | $ 67,564 | $ 74,833 |
| Accrued payroll | 36,223 | 39,926 |
| Accrued compensated absences - Current portion | 22,696 | 25,385 |
| Total | $ 126,483 | $ 140,144 |

## Note 4 - Accrued Compensated Absences

Per University policy, eligible salaried administrative appointments and administrative hourly employees earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance up to a maximum of 32 days. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The accrual is equal to the amount earned in three years, up to a maximum of 600 hours, which is subject to payout upon termination.

Other hourly, nonexempt employees are also eligible to elect compensatory time off in lieu of overtime pay. The use of compensatory time is scheduled with supervisory approval or subject to payout upon termination or transfer to another department.

The estimated liability for accrued vacation and compensatory time at June 30, 2017 and 2016 was $176,608 and $194,108, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly and administrative hourly employees). Salaried and administrative hourly employees with 10 or more years of service are eligible to receive a payout upon retirement of 25 percent of unused days up to a maximum of 30 days. Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of 50 percent of unused days up to a maximum of 60 days, except for hourly classified employees under an American Federation of State, County, and Municipal Employees contract, where the maximum is 80 days.

The estimated liability for accrued sick leave at June 30, 2017 and 2016 was $39,560 and $43,783, respectively.

Compensated absences at June 30, 2017 and 2016 are summarized as follows:

| | Beginning Balance | Reductions | Ending Balance | Current Portion |
|---|---|---|---|---|
| For the year ended: | | | | |
| June 30, 2017 | $ 237,891 | $ (21,723) | $ 216,168 | $ 22,696 |
| June 30, 2016 | 249,827 | (11,936) | 237,891 | 25,385 |

## Note 5 - Loan Payable - Related Party

The University entered into an agreement with the Center to provide an internal loan in the amount of $951,162 as a match for a 2003 Public Telecommunications Facilities Program (PTFP) grant from the U.S. Department of Commerce. The purpose of the grant was to assist with construction and installation of a tower to support a new broadband antenna at WOUC in Cambridge, Ohio. The bid for the tower project came in at less than the estimate, thereby reducing the match that was needed. Of the original loan amount of $951,162, only $185,958 was needed for the tower project. In early calendar year 2004, the Center requested that $250,042 of the unused loan funds be applied to the new digital master control project, another phase of the digital conversion. In July 2004, additional loan funds of $159,200 were requested and the borrowing limit was increased to $595,200. The internal loan carries an interest rate of 5.5 percent payable over 20 years at the rate of $4,094 per month. Interest-only payments occurred until July 30, 2006, at which time principal payments began.

## Note 5 - Loan Payable - Related Party (Continued)

The loan payable at June 30, 2017 and 2016 is shown as follows:

| | Beginning Balance | Borrowed | Retired | Ending Balance | Current |
|---|---|---|---|---|---|
| For the year ended: | | | | | |
| June 30, 2017 | $ 377,264 | $ - | $ (29,108) | $ 348,156 | $ 30,751 |
| June 30, 2016 | 404,819 | - | (27,555) | 377,264 | 29,109 |

Principal and interest payment requirements for the years subsequent to June 30, 2017 are summarized as follows:

| Years Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 30,751 | $ 18,381 | $ 49,132 |
| 2019 | 32,485 | 16,647 | 49,132 |
| 2020 | 34,318 | 14,814 | 49,132 |
| 2021 | 36,253 | 12,878 | 49,131 |
| 2022 | 38,298 | 10,833 | 49,131 |
| 2023-2026 | 176,051 | 20,477 | 196,528 |
| Total | $ 348,156 | $ 94,030 | $ 442,186 |

## Note 6 - In-kind Support

The operations of WOUB Center for Public Media are supported in part by the general revenue of the University. The University provides for the general operating costs of WOUB operations. The University's direct support amounted to $2,480,951 and $2,749,527 for the years ended June 30, 2017 and 2016, respectively. In addition, the University provided $722,936 and $888,661 in indirect administrative support during fiscal years 2017 and 2016, respectively. The indirect administrative support revenue was calculated using the "basic method" rate of 1.11 percent and 1.16 percent for the fiscal years ended 2017 and 2016, respectively.

## Note 7 - Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

### Note 7 - Nonfederal Financial Support (NFFS) (Continued)

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for the purpose of acquiring new equipment or upgrading existing or building new facilities, regardless of source or form of the contribution, are not included in calculating the 2017 or 2016 NFFS. This change excludes all revenue received for any capital purchases.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for WOUB was $5,466,233 and $6,390,843 for fiscal years 2017 and 2016, respectively.

### Note 8 - Retirement Plans

Based on rules governed by the Ohio Revised Code (ORC), employees of WOUB are covered under one of three retirement plans, unless eligible for exemption as is the case with most student employees. The particular system in which an employee is eligible to enroll is dependent on his or her position with the University. Generally, faculty appointments are eligible for enrollment in a defined benefit plan, administered by STRS, and all other employees are eligible for enrollment in a defined benefit plan, administered by OPERS. In addition, full-time employees may opt out of the state retirement system and choose a defined contribution plan, also referred to as an Alternative Retirement Plan (ARP), with one of seven independent providers. STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. All options are discussed below in more detail.

**Retirement Plan Funding** - Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer entity's contribution is expected to finance the costs of benefits earned by its employees during the year, with an additional amount to finance a portion of the defined benefit plans' unfunded accrued liability.

## Note 8 - Retirement Plans (Continued)

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS and who instead elect the ARP, 4.5 percent of the employer contribution goes to the STRS retirement system and 0.77 percent of the employer contribution goes to the OPERS systems at June 30, 2017 and 2016. The Center's contributions each year are equal to its required contributions.

Member contributions, set at the maximums authorized by the ORC, are 10 percent of gross wages for OPERS at June 30, 2017 and 2016, and 14 percent and 13 percent of gross wages for STRS at June 30, 2017 and 2016, respectively.

The plans' 2017 contribution rates on covered payroll to each system are as follows:

| | Employer Contribution Rate | | | |
|---|---|---|---|---|
| | Pension | Postretirement Healthcare | Death Benefits | Total |
| STRS (beginning 7/1/16) | 14.00% | 0.00% | 0.00% | 14.00% |
| OPERS - State/Local (through 12/31/16) | 12.00% | 2.00% | 0.00% | 14.00% |
| OPERS - State/Local (beginning 1/1/17) | 13.00% | 1.00% | 0.00% | 14.00% |
| OPERS - Law Enforcement (through 12/31/16) | 16.10% | 2.00% | 0.00% | 18.10% |
| OPERS - Law Enforcement (beginning 1/1/17) | 17.10% | 1.00% | 0.00% | 18.10% |

The plans' 2016 contribution rates on covered payroll to each system are as follows:

| | Employer Contribution Rate | | | |
|---|---|---|---|---|
| | Pension | Postretirement Healthcare | Death Benefits | Total |
| STRS (beginning 7/1/15) | 14.00% | 0.00% | 0.00% | 14.00% |
| STRS (beginning 7/1/14) | 14.00% | 0.00% | 0.00% | 14.00% |
| OPERS - State/Local | 12.00% | 2.00% | 0.00% | 14.00% |
| OPERS - Law Enforcement | 16.10% | 2.00% | 0.00% | 18.10% |

## Note 8 - Retirement Plans (Continued)

The Center receives an allocation of the University's required and actual contributions to the plans, which are summarized as follows:

| | Employer Contributions | | |
|---|---|---|---|
| | STRS Ohio | OPERS | ARP |
| 2017 | $ 20,894 | $ 206,161 | $ 79,955 |
| 2016 | 21,443 | 218,059 | 79,187 |

The payroll for employees covered by OPERS and STRS for the year ended June 30, 2017 was $1,439,341 and $149,246, respectively. The payroll for employees covered by OPERS and STRS for the year ended June 30, 2016 was $1,524,712 and $152,636, respectively. Contributions made to other postemployment benefits (OPEB) were $28,787, $30,494, and $31,151 for the years ended June 30, 2017, 2016 and 2015, respectively.

### Benefits Provided

**STRS** - Plan benefits are established under Chapter 3307 of the Revised Code, as amended by Substitute Senate Bill 342 in 2012, which gives the retirement board the authority to make future adjustments to the member contribution rate, retirement age and service requirements, and the cost-of-living adjustment as the need or opportunity arises, depending on the retirement system's funding progress.

Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. Beginning on August 1, 2015, eligibility requirements for an unreduced benefit changed. The maximum annual retirement allowance, payable for life, considers years of credited service, final average salary (three to five years), and multiplying by a factor ranging from 2.2 percent to 2.6 percent with 0.1 percent incremental increases for years greater than 30-31, depending on retirement age.

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the plan. Death benefit coverage of up to $2,000 can be purchased by participants in all three of the plans. Various other benefits are available to members' beneficiaries.

**OPERS** - Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48-62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

## Note 8 - Retirement Plans (Continued)

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

**Defined Benefit Plans** - The defined benefit plans of STRS and OPERS are cost-sharing, multiple-employer public employee retirement plans. Both systems provide retirement and disability benefits, annual cost-of-living adjustments, survivor benefits, and postretirement health care (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits. The authority to establish and amend benefits is provided by the ORC.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free 888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org. The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Net Pension Liability, Deferrals, and Pension Expense** - At June 30, 2017 and 2016, the Center reported a liability for its allocated share of the University's net pension liability of both STRS and OPERS. At June 30, 2017, the net pension liability was measured as of June 30, 2016 for the STRS plan and December 31, 2016 for the OPERS plan. At June 30, 2016, the net pension liability was measured as of June 30, 2015 for the STRS plan and December 31, 2015 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The Center's proportion of the net pension liability was based on its contributions to the pension plans relative to total contributions of all participating entities, actuarially determined. At June 30, 2017 and 2016, the University's proportion for OPERS was 0.89 percent and 0.91 percent, respectively. At June 30, 2017 and 2016, the University's proportion for STRS was 1.02 percent and 0.99 percent, respectively. The amount the University allocated to the Center is based on total retirement contributions for the Center's employees as a percentage of the total retirement contributions for the University. At June 30, 2017 and 2016, the Center's allocation of the University's proportion was 0.68 percent and 0.73 percent, respectively.

### Note 8 - Retirement Plans (Continued)

For the years ended June 30, 2017 and 2016, the Center's proportionate shares of the net pension liability are as follows:

| Plan | Measurement Date | Net Pension Liability 2017 | Net Pension Liability 2016 | Proportionate Share 2017 | Proportionate Share 2016 | Percent Change |
|---|---|---|---|---|---|---|
| STRS | June 30 | $ 341,992 | $ 405,712 | 0.0010217% | 0.0014680% | 0.000% |
| OPERS | December 31 | 3,374,373 | 2,061,785 | 0.0148964% | 0.0119370% | 0.003% |
| | | $ 3,716,365 | $ 2,467,497 | | | |

For the years ended June 30, 2017 and 2016, the Center recognized pension expense of $1,092,471 and $662,346, respectively.

At June 30, 2017 and 2016, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2017 | 2016 |
|---|---|---|
| Deferred outflows of resources: | | |
| Differences between expected and actual experience | $ 96,049 | $ 91,583 |
| Changes in assumptions | 221,966 | - |
| Net difference between projected and actual earnings on pension plan investments | 401,300 | 342,170 |
| Changes in proportion and differences between the Center's contributions and proportionate share of contributions | 53,432 | 21,340 |
| Center's contributions subsequent to the measurement date | 164,697 | 171,076 |
| Total | $ 937,444 | $ 626,169 |

| | 2017 | 2016 |
|---|---|---|
| Deferred inflows of resources: | | |
| Differences between expected and actual experience | $ 9,586 | $ 23,242 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 144,252 |
| Changes in proportion and differences between the Center's contributions and proportionate share of contributions | 17,638 | 11,863 |
| Total | $ 27,224 | $ 179,357 |

### Note 8 - Retirement Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases or decreases in pension expense as follows:

| Years Ending June 30 | Amount |
|---|---|
| 2018 | $ 233,244 |
| 2019 | 231,916 |
| 2020 | 200,455 |
| 2021 | 79,987 |
| 2022 | (53) |
| Thereafter | (26) |
| | $ 745,523 |

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2018).

**Actuarial Assumptions** - The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2017:

| | STRS - As of July 1, 2016 | OPERS - As of December 31, 2016 |
|---|---|---|
| Valuation date | July 1, 2016 | December 31, 2016 |
| Actuarial cost method | Entry age normal | Individual entry age |
| Cost of living | 2.0 percent | 3.0 percent |
| Salary increases, including inflation | 2.75 percent - 12.25 percent | 3.25 percent - 10.75 percent |
| Inflation | 2.75 percent | 3.25 percent |
| Investments rate of return | 7.75 percent, net of pension plan investment expense | 7.50 percent, net of pension plan investment expense |
| Experience study date | Period of 5 years ended July 1, 2012 | Period of 5 years ended December 31, 2015 |
| Mortality basis | RP-2000 combined mortality table (Projection 2022-Scale AA) | RP-2014 healthy annuitant mortality table |

## Note 8 - Retirement Plans (Continued)

The following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2016, were as follows:

| | STRS - As of July 1, 2015 | OPERS - As of December 31, 2015 |
|---|---|---|
| Valuation date | July 1, 2015 | December 31, 2015 |
| Actuarial cost method | Entry age normal | Individual entry age |
| Cost of living | 2.0 percent | 3.0 percent |
| Salary increases, including inflation | 2.75 percent - 12.25 percent | 4.25 percent - 10.05 percent |
| Inflation | 2.75 percent | 3.75 percent |
| Investments rate of return | 7.75 percent, net of pension plan investment expense | 8.00 percent, net of pension plan investment expense |
| Experience study date | Period of 5 years ended July 1, 2012 | Period of 5 years ended December 31, 2010 |
| Mortality basis | RP-2000 combined mortality table (Projection 2022-Scale AA) | RP-2000 mortality table projected 20 years using Projection Scale AA |

**Discount Rate** - The discount rates used to measure the total pension liabilities at June 30, 2017 were 7.75 percent for STRS and 7.50 percent for OPERS. The discount rates used to measure the total pension liabilities at June 30, 2016 were 7.75 percent for STRS and 8.00 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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.

### Note 8 - Retirement Plans (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

| | STRS - As of 7/1/16 | | | OPERS - As of 12/31/16 | |
|---|---|---|---|---|---|
| Investment Category | Target Allocation | Long-term Expected Real Rate of Return | Investment Category | Target Allocation | Long-term Expected Real Rate of Return |
| Domestic Equity | 31.00% | 5.50% | Domestic Equity | 20.70% | 6.34% |
| International Equity | 26.00% | 5.35% | International Equity | 18.30% | 7.95% |
| Alternatives | 14.00% | 5.50% | Private Equity | 10.00% | 8.97% |
| Fixed Income | 18.00% | 1.25% | Fixed Income | 23.00% | 2.75% |
| Real Estate | 10.00% | 4.25% | Real Estate | 10.00% | 4.75% |
| Liquidity Reserves | 1.00% | 0.50% | Other Investments | 18.00% | 4.92% |
| | 100.00% | | | 100.00% | |

| | STRS - As of 7/1/15 | | | OPERS - As of 12/31/2015 | |
|---|---|---|---|---|---|
| Investment Category | Target Allocation | Long-term Expected Real Rate of Return | Investment Category | Target Allocation | Long-term Expected Real Rate of Return |
| Domestic Equity | 31.00% | 5.50% | Domestic Equity | 20.70% | 5.84% |
| International Equity | 26.00% | 5.35% | International Equity | 18.30% | 7.40% |
| Alternatives | 14.00% | 5.50% | Private Equity | 10.00% | 9.25% |
| Fixed Income | 18.00% | 1.25% | Fixed Income | 23.00% | 2.31% |
| Real Estate | 10.00% | 4.25% | Real Estate | 10.00% | 4.25% |
| Liquidity Reserves | 1.00% | 0.50% | Other Investments | 18.00% | 4.59% |
| | 100.00% | | | 100.00% | |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Center, calculated using the discount rate listed below, as well as what the Center's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

| Plan | 1% Decrease | | Current Discount Rate | | 1% Increase | |
|---|---|---|---|---|---|---|
| STRS | 6.75% | $ 454,480 | 7.75% | $ 341,992 | 8.75% | $ 247,102 |
| OPERS | 6.50% | 5,168,615 | 7.50% | 3,374,373 | 8.50% | 1,879,781 |
| | | $ 5,623,095 | | $ 3,716,365 | | $ 2,126,883 |

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued STRS and OPERS financial reports.

## Note 8 - Retirement Plans (Continued)

**Payable to the Pension Plan** - At June 30, 2017, the Center reported a payable of $16,458 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**Changes in Assumptions** - During the current measurement period, the OPERS board adopted certain assumption changes which impacted the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.00 percent to 7.50, which increased the Center's net pension liability.

**Changes Between Measurement Date and Report Date** - In March 2017, the STRS board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall impact to the Center's net pension liability is expected to be significant.

**Defined Contribution Plans** - The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998 for public institutions of higher education. Ohio University's board of trustees adopted the University's plan on April 18, 1998. Full-time employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of seven providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

Eligible employees have 120 days from their date of hire to make an irrevocable election to participate in the ARP. Under this plan, employees who would have otherwise been required to be in STRS Ohio or OPERS, and who elect to participate in the ARP, must contribute the employee's share of retirement contributions to one of seven private providers approved by the Ohio Department of Insurance.

The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the years ended June 30, 2017 and 2016. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

The ARP does not provide disability benefits, survivor benefits, or postretirement healthcare. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. Contributions made to defined contribution plans were $79,955 and $79,187 for the years ended June 30, 2017 and 2016, respectively.

## Note 8 - Retirement Plans (Continued)

**Other Postemployment Benefits** - In addition to the pension benefits described above, Ohio law provides that the University fund postretirement healthcare benefits to retirees and their dependents through employer contributions to OPERS and STRS.

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 2.0 percent during calendar years 2016 and 2015.

STRS Ohio provides access to healthcare coverage to retirees who participated in the defined benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the ORC, the State Teachers Retirement Board (the "Board") has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

The ORC grants authority to STRS to provide healthcare coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, healthcare benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1 percent of employer contributions to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $3.258 billion on January 1, 2016, the date of the most recent information available from STRS.

For the fiscal year ended June 30, 2016, the date of the most recent information available from STRS, net healthcare costs paid by STRS were $677 million. There were 157,938 eligible benefit recipients.

# Required Supplementary Information

## Schedule of the Center's Proportionate Share of the Net Pension Liability and Schedule of Center Contributions
## June 30, 2017

STRS

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Center's proportion of the collective STRS net pension liability: | | | |
| As a percentage | 0.0010217% | 0.0014680% | 0.0014085% |
| Amount | $ 341,992 | $ 405,712 | $ 342,596 |
| Center's covered-employee payroll | $ 152,636 | $ 143,457 | $ 135,514 |
| Center's proportionate share of the collective pension liability (amount), as a percentage of the Center's covered-employee payroll | 224.06% | 282.81% | 252.81% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.78% | 72.09% | 74.71% |

Schedule of Center Contributions

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Statutorily required contribution | $ 20,894 | $ 21,443 | $ 20,084 |
| Contributions in relation to the actuarially determined contractually required contribution | $ 20,894 | $ 21,443 | $ 20,084 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| Covered-employee payroll | $ 149,246 | $ 152,636 | $ 143,457 |
| Contributions as a percentage of covered employee payroll | 14.00% | 14.05% | 14.00% |

## Schedule of the Center's Proportionate Share of the Net Pension Liability and Schedule of Center Contributions (Continued)
## June 30, 2017

OPERS

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Center's proportion of the collective OPERS net pension liability: | | | |
| As a percentage | 0.014896% | 0.011937% | 0.012024% |
| Amount | $ 3,374,373 | $ 2,061,785 | $ 1,450,229 |
| Center's covered-employee payroll | $ 1,482,026 | $ 1,498,672 | $ 1,497,282 |
| Center's proportionate share of the collective pension liability (amount), as a percentage of the Center's covered-employee payroll | 227.69% | 137.57% | 96.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 77.39% | 81.19% | 86.53% |

Schedule of Center Contributions

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Statutorily required contribution | $ 206,161 | $ 218,059 | $ 206,137 |
| Contributions in relation to the actuarially determined contractually required contribution | $ 206,161 | $ 218,059 | $ 206,137 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| Covered-employee payroll | 1,439,341 | 1,524,712 | 1,472,633 |
| Contributions as a percentage of covered employee payroll | 14.32% | 14.30% | 14.00% |

### Notes to Required Supplementary Information for the Year Ended June 30, 2017

*Changes of Benefit Terms* - There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2016 and December 31, 2016, respectively.

*Changes of Assumptions* - There were no changes in assumptions or plan amendments affecting the STRS Ohio plan for the plan year ended June 30, 2016. During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

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

## Independent Auditor's Report

To Management and the Board of Trustees
WOUB Center for Public Media

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WOUB Center for Public Media, a public media entity (a department of Ohio University) (the "Center"), which comprise the statements of net position as of June 30, 2017 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2017.

**Internal Control Over Financial Reporting**

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

To Management and the Board of Trustees
WOUB Center for Public Media

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WOUB Center for Public Media's 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 7, 2017

**WOUB CENTER FOR PUBLIC MEDIA**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**DECEMBER 28, 2017**