

# **WOSU Public Media**

**A Public Telecommunications Entity  
Operated by The Ohio State University**

## **Financial Statements**

**As of and for the Years Ended June 30, 2018 and 2017  
And Report of Independent Auditors**



# OHIO AUDITOR OF STATE KEITH FABER



January 24, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

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# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Auditors* of the WOSU Public Media, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 9, 2019

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## **Report of Independent Auditors**

To the Board of Trustees of  
The Ohio State University

We have audited the accompanying financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), appearing on pages 10 to 30, which comprise the statements of net position as of June 30, 2018 and June 30, 2017, and the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise WOSU’s basic financial statements.

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

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

### ***Auditors’ Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU as of June 30, 2018 and June 30, 2017, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matters***

As discussed in Note 1 to the basic financial statements, WOSU changed the manner in which it accounts for postemployment benefits other than pensions in 2018. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of WOSU are intended to present the net financial position, the changes in net financial position and, where applicable, cash flows of only that portion of The Ohio State University that is attributable to the transactions of WOSU. They do not purport to, and do not, present fairly the net financial position of The Ohio State University as of June 30, 2018 or June 30, 2017, the changes in its net financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

The accompanying management's discussion and analysis on pages 4 through 9, the Required Supplementary Information on GASB 68 Pension Liabilities on page 31 and the Required Supplementary Information on GASB 75 OPEB Liabilities on page 32 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

#### ***Report on Accompanying Supplemental Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise WOSU's basic financial statements. The accompanying Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2018 on pages 33 and 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2018 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2018 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of WOSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2018. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WOSU's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

December 31, 2018

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2018 and 2017

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WOSU Public Media for the year ended June 30, 2018, with comparative information for the years ended June 30, 2017 and June 30, 2016. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### About WOSU Public Media

Since 1920, WOSU Public Media, with broadcast licenses held by The Ohio State University Board of Trustees, has enriched lives through content and experiences that engage, inform, and inspire. As one of the pioneering stations in educational radio, WOSU continues to provide lifelong learning to Ohioans across the state.

WOSU Public Media operates six non-commercial FM radio stations and a public television station serving over 2.6 million Ohioans in a 31-county region. The radio operations provide the community's only all-day NPR, local news and talk radio station (89.7 NPR News), while a classical radio network of five stations provides the only regional source for classical music radio (Classical 101). WOSU TV includes PBS programming on its primary channel and three other channels including WOSU Plus, WOSU Ohio and WOSU Kids. WOSU also has a strong digital presence with its own mobile app and through the wosu.org website. WOSU premiered two popular local podcasts over the past year.

WOSU Productions is a social enterprise unit that provides producing, directing, and other services primary for audio and video production, including live multi-camera streaming of university and community events.

WOSU Classroom is known for its work with preschool caregivers through the *Ready to Learn* project and production of customized classroom content. WOSU recently brought a wealth of talent into the organization focused on providing technology professional support for teachers across central Ohio. WOSU received a national American Graduate grant from the Corporation for Public Broadcasting in 2018 to focus media on telling of the disconnect between the thousands of quality open jobs in the region and the number of youth out of school and not working.

WOSU is located at the Ohio State Fawcett Conference Center and is under the purview of the Senior Vice President of Administration and Planning. A community board, Friends of WOSU, advises the organization, assisting with programming, advocacy and fundraising expertise. The most significant support for WOSU comes directly from the community it serves, with over 27,000 individual members. Nearly 70% of WOSU's funding is from private fundraising and earned revenue sources.

WOSU provides distinctive national programming from PBS and NPR and other national sources, but has distinguished itself with its commitment to local programming including a two-hour daily local radio/TV talk program, *All Sides with Ann Fisher*, the largest local radio newsroom (honored as the top news operation in Ohio), and Emmy award-winning weekly television programming focused on local culture, history, arts, and journalism. Among the regular local television offerings: *Columbus Neighborhoods*, *Broad & High*, *Columbus On The Record*, and *In The Know*.

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

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

# **WOSU Public Media**

**A Public Telecommunications Entity Operated by The Ohio State University**

## **Management's Discussion and Analysis (Unaudited)**

**June 30, 2018 and 2017**

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### **About the Financial Statements**

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

### **Financial Highlights**

In fiscal year 2018, total net position for WOSU increased by \$1,457,761, to \$25,662,132 at June 30, 2018. Restricted expendable net position increased by \$3,028,009 primarily due to capital gifts to support capital requirements to build the new headquarters. Unrestricted net position decreased by \$1,610,011 primarily due to the implementation of a new accounting standard. The cumulative effect of adopting GASB 75, which required WOSU to recognize a liability for other post-employment benefits was a \$2,432,985 reduction in WOSU's unrestricted net position. The negative impact on unrestricted net position from the new accounting standard was offset by increases in operating revenues of \$467,000 primarily due to increases in underwriting sales and member contributions.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2018 and 2017

<b>Summary of Net Position</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Cash	\$ 16,381,802	\$ 4,946,319	\$ 3,440,187
Receivables and other current assets	2,057,860	10,759,503	578,048
Total current assets	<u>18,439,662</u>	<u>15,705,822</u>	<u>4,018,235</u>
Pledges receivables, net	274,142	248,519	141,802
Endowments in OSU long-term investment pool	6,698,827	5,484,523	5,069,626
Capital assets, net of depreciation	9,003,609	9,105,236	9,354,720
Total noncurrent assets	<u>15,976,578</u>	<u>14,838,278</u>	<u>14,566,148</u>
Total assets	<u>34,416,240</u>	<u>30,544,100</u>	<u>18,584,383</u>
Deferred outflows	826,416	1,819,115	1,505,602
<b>Total assets and deferred outflows</b>	<u><b>\$ 35,242,656</b></u>	<u><b>\$ 32,363,215</b></u>	<u><b>\$ 20,089,985</b></u>
Accounts payable and accrued expenses	\$ 210,615	\$ 140,702	\$ 120,857
Unearned revenue	480,935	522,083	246,555
Current portion of debt	158,824	158,824	275,098
Total current liabilities	<u>850,374</u>	<u>821,609</u>	<u>642,510</u>
Noncurrent portion of debt	1,115,671	1,217,951	1,320,693
Unearned revenue	308,000	582,020	-
Net pension liability	3,406,649	5,092,947	4,249,440
Net OPEB liability	2,450,537	-	-
Other noncurrent liabilities	413,595	403,806	354,897
Total noncurrent liabilities	<u>7,694,452</u>	<u>7,296,724</u>	<u>5,925,030</u>
Total liabilities	<u>8,544,826</u>	<u>8,118,333</u>	<u>6,567,540</u>
Deferred inflows	1,035,698	40,511	90,931
Net investment in capital assets	7,729,114	7,728,461	7,758,929
Restricted:			
Nonexpendable	1,962,489	1,923,379	1,886,030
Expendable	10,076,095	7,048,086	4,431,261
Unrestricted	5,894,434	7,504,445	(644,706)
Total net position	<u>25,662,132</u>	<u>24,204,371</u>	<u>13,431,514</u>
<b>Total liabilities, deferred inflows and net position</b>	<u><b>\$ 35,242,656</b></u>	<u><b>\$ 32,363,215</b></u>	<u><b>\$ 20,089,985</b></u>

During the year ended June 30, 2018, **cash** increased \$11,435,483, to \$16,381,802, primarily due to cash received from the FCC for the spectrum incentive auction and growth in major planned giving and membership contributions. The statement of cash flows, which is discussed in more detail below, provides additional information on sources and uses of WOSU cash. **Current receivables** decreased \$8,701,643, to \$2,057,860, primarily due to receipt of proceeds from the FCC Spectrum auction. **Endowments** in the university's Long-Term Investment Pool increased by \$1,214,304 to \$6,698,827 at June 30, 2018, reflecting increases from a new Student Experience endowment for \$1,000,000 and increases in fair value. The Long-Term Investment Pool is invested in a diversified portfolio of equities, fixed income, hedge funds and private equity that is

## WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

### Management's Discussion and Analysis (Unaudited)

June 30, 2018 and 2017

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intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

**Total liabilities** of WOSU increased by \$426,493 to \$8,544,826 at June 30, 2018, primarily due to an increase in net OPEB liability of \$2,450,537 offset by a decrease in net pension liability of \$1,686,298. **Unearned revenues** decreased \$315,168, reflecting revenue recognized in fiscal year 2018 from a long-term prepaid broadband service lease agreement and capital pledges in support of a multi-year production program.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. In fiscal year 2018, the university implemented a related accounting standard, GASB Statement No. 75, which requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement healthcare. The university participates in two multiemployer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

WOSU's share of these **net pension liabilities** was \$3,406,649 and \$5,092,947 at June 30, 2018 and 2017, respectively. The decrease in net pension liability in 2018 is primarily due to an increase in OPERS' net position due to a 16.62% return in the OPERS defined benefit investment portfolio during calendar year 2017.

Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows at June 30, 2018 and 2017 totaled \$646,082 and \$1,819,115, respectively. Pension-related deferred inflows at June 30, 2018 and 2017 totaled \$853,149 and \$40,511, respectively. WOSU recognized total pension expense of \$868,979 in 2018. Total pension expense includes \$569,607 of employer contributions and \$299,372 in GASB 68 accruals.

WOSU's share of the **net OPEB liabilities** was \$2,450,537 at June 30, 2018. OPEB-related deferred outflows at June 30, 2018 totaled \$180,334. OPEB-related deferred inflows at June 30, 2018 totaled \$182,549. WOSU recognized total OPEB expense of \$19,767 in 2018. Total OPEB expense includes \$0 of employer contributions and \$19,767 in GASB 75 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on WOSU for pension and OPEB funding. Although the liabilities recognized under GASB Statement Nos. 68 and 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on WOSU's resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and expense.

Total **net position** increased by \$1,457,761 to \$25,662,132 at June 30, 2018 primarily due to growth in major planned giving from the start of a capital campaign during fiscal year 2017 and membership contributions. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WOSU expenses. Operating revenues, however, *exclude* certain significant revenue streams that WOSU relies upon to fund current operations, including direct support from the university, capital gifts, and investment income.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2018 and 2017

<b>Summary of Revenues, Expenses and Other Changes in Net Position</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Operating revenues:</b>			
Contributed services	\$ 760,128	\$ 996,132	\$ 1,374,574
Sales and services	2,436,843	2,017,671	1,818,245
Grants and contracts	3,237,826	3,227,998	2,939,125
Member contributions	4,368,550	4,085,845	3,918,939
Other revenues	13,095	21,796	26,872
Total operating revenues	<u>10,816,442</u>	<u>10,349,442</u>	<u>10,077,755</u>
<b>Operating expenses:</b>			
Programming and production	6,128,596	6,153,755	5,942,696
Broadcasting	2,292,945	2,622,284	3,005,899
Program information	343,569	397,116	371,875
Management and general	1,912,355	2,242,065	1,932,566
Underwriting	530,154	500,818	395,869
Fundraising	1,286,231	1,391,952	1,261,308
Depreciation	157,219	335,535	3,253,562
Total operating expenses	<u>12,651,069</u>	<u>13,643,525</u>	<u>16,163,775</u>
Net operating loss	<u>(1,834,627)</u>	<u>(3,294,083)</u>	<u>(6,086,020)</u>
<b>Non-operating revenues (expenses)</b>			
Operating subsidies from University	1,727,110	1,457,607	1,720,861
Donated facilities and support	954,867	1,129,313	1,570,501
Net investment income	483,257	663,416	(163,971)
Interest expense	(56,544)	(58,894)	(64,168)
Capital gifts and grants	2,234,251	1,678,664	150,885
Additions to endowment	34,102	6,292	5,253
FCC spectrum incentive auction	34,000	8,835,859	-
Total non-operating revenues	<u>5,411,043</u>	<u>13,712,257</u>	<u>3,219,361</u>
Net equity transfers from / (to) the University	314,330	(85,670)	(85,670)
Change in net position	3,890,746	10,332,504	(2,952,329)
Net position - beginning of year	24,204,371	13,431,514	16,383,843
Cumulative effect of accounting change	(2,432,985)	-	-
Cumulative effect of ITSCO transfer	-	440,353	-
Net position - end of year	<u>\$ 25,662,132</u>	<u>\$ 24,204,371</u>	<u>\$ 13,431,514</u>

Total operating revenues increased \$467,000, to \$10,816,442 in 2018, primarily due to increases in sales and services and member contributions. Operating expenses decreased \$992,456 to \$12,651,069 in 2018, primarily due to reductions in broadcasting, management and general, and depreciation expenses. Total non-operating revenues decreased \$8,301,214 to \$5,411,043 in 2018, primarily due to revenue earned in fiscal year 2017 from the FCC spectrum auction.



# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2018 and 2017

<b>Summary of Cash Flows</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Cash provided by (used) in:			
Operating activities	\$ (325,192)	\$ (598,935)	\$ (1,305,172)
Noncapital financing activities	1,645,922	1,372,808	1,640,444
Capital and related financing activities	10,782,798	321,713	(603,655)
Investing activities	(668,045)	410,546	236,887
Net increase / (decrease) in cash	11,435,483	1,506,132	(31,496)
Cash, beginning of year	4,946,319	3,440,187	3,471,683
Cash, end of year	<u>\$ 16,381,802</u>	<u>\$ 4,946,319</u>	<u>\$ 3,440,187</u>

Total WOSU cash and cash equivalents increased \$11,435,483, to \$16,381,802 in 2018. Total cash from capital and related financing activities increased by \$10,461,085 due to increased capital campaign gifts received as part of the new building campaign and proceeds received from the FCC spectrum incentive.

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

WOSU Public Media continues to target the growth of its annual membership, underwriting, major and planned giving and grant revenues in the coming year. This is important in an environment of limited federal, state and university support. WOSU is seeking support to match federal Corporation for Public Broadcasting grant funding for an expansive workforce development project over the next year. The FCC is reimbursing WOSU for expenses in the coming year related to the mandatory move of WOSU TV from channel 38 to channel 16. This is part of the FCC repacking of television stations to free up spectrum for other uses. In addition, PBS is reimbursing stations through an agreement with AT&T for expenses related to the cost of moving channels on TV translators across the country. WOSU TV has a translator in Mansfield that will be impacted.

All the operations of WOSU, headquartered for nearly fifty years within the Ohio State Fawcett Conference Center, will move to a newly built headquarters in 2020 within the 15<sup>th</sup> & High Street arts district. The capital requirements for that project will be a focus in the upcoming fiscal year through a coordinated campaign to raise \$12 million and by building internal funding for new equipment purchases.

The greatest risk facing WOSU is the potential reduction in federal funding or another downturn in the economy. Corporation for Public Broadcasting grants have traditionally covered about 15 percent of the direct budget, including some of the costs of national and local programming. WOSU is creating a priority-centered operation, bringing more efficiency to how we work behind the scenes in areas such as television master control, IT, human resources, and business operations to focus as many resources as possible to create important local content and experiences that enrich and inspire our community.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Net Position

As of June 30, 2018 and 2017

<b>ASSETS AND DEFERRED OUTFLOWS:</b>	<b>2018</b>	<b>2017</b>
Current assets		
Cash	\$ 16,381,802	\$ 4,946,319
Receivables:		
Accounts receivable, net	50,210	87,178
Spectrum	2,250	8,834,580
Government grants	-	438
Underwriting	261,471	203,551
Pledge receivables, net	<u>1,743,929</u>	<u>1,633,756</u>
Total receivables	<u>2,057,860</u>	<u>10,759,503</u>
Total current assets	18,439,662	15,705,822
Noncurrent assets		
Endowments in OSU long-term investment pool	6,698,827	5,484,523
Pledge receivables, net	274,142	248,519
Property and equipment, net	1,090,758	1,192,385
FCC license	<u>7,912,851</u>	<u>7,912,851</u>
Total noncurrent assets	<u>15,976,578</u>	<u>14,838,278</u>
<b>Total assets</b>	34,416,240	30,544,100
Deferred outflows		
Pension	646,082	1,819,115
Other post-employment benefits	<u>180,334</u>	<u>-</u>
<b>Total deferred outflows</b>	<u>826,416</u>	<u>1,819,115</u>
<b>Total assets and deferred outflows</b>	<u>\$ 35,242,656</u>	<u>\$ 32,363,215</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 204,318	\$ 134,554
Accrued compensated absence - current	6,297	6,148
Unearned revenue	480,935	522,083
Current portion - note payable	<u>158,824</u>	<u>158,824</u>
Total current liabilities	850,374	821,609
Noncurrent liabilities		
Note payable	1,115,671	1,217,951
Unearned revenue	308,000	582,020
Net pension liability	3,406,649	5,092,947
Net other post-employment benefits liability	2,450,537	-
Accrued compensated absence - noncurrent	<u>413,595</u>	<u>403,806</u>
Total noncurrent liabilities	<u>7,694,452</u>	<u>7,296,724</u>
<b>Total liabilities</b>	8,544,826	8,118,333
Deferred inflows		
Pension	853,149	40,511
Other post-employment benefits	<u>182,549</u>	<u>-</u>
<b>Total deferred inflows</b>	<u>1,035,698</u>	<u>40,511</u>
Net position		
Net investment in capital assets	7,729,114	7,728,461
Restricted		
Nonexpendable	1,962,489	1,923,379
Expendable	10,076,095	7,048,086
Unrestricted	<u>5,894,434</u>	<u>7,504,445</u>
<b>Total net position</b>	<u>25,662,132</u>	<u>24,204,371</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 35,242,656</u>	<u>\$ 32,363,215</u>

The accompanying notes are an integral part of these financial statements

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Revenues, Expenses and Other Changes in Net Position

As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Contributed services	\$ 760,128	\$ 996,132
Grants from the Corporation for Public Broadcasting	1,569,511	1,389,128
Member contributions	4,368,550	4,085,845
Public broadcasting service	30,585	11,450
Business and industry	1,513,727	1,257,365
Foundations/non-profit organizations	892,531	748,856
Fundraising	3,000	7,500
Federal grants	47,918	44,454
State and local grants and contracts	1,620,397	1,794,416
Royalties	4,019	1,278
Miscellaneous	6,076	13,018
Total operating revenues	<u>10,816,442</u>	<u>10,349,442</u>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	6,128,596	6,153,755
Broadcasting	2,292,945	2,622,284
Program information	343,569	397,116
Total program services	<u>8,765,110</u>	<u>9,173,155</u>
Supporting services:		
Management and general	1,912,355	2,242,065
Depreciation	157,219	335,535
Underwriting	530,154	500,818
Fundraising	1,286,231	1,391,952
Total supporting services	<u>3,885,959</u>	<u>4,470,370</u>
Total operating expenses	<u>12,651,069</u>	<u>13,643,525</u>
Net operating loss	(1,834,627)	(3,294,083)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Operating subsidies from university	1,727,110	1,457,607
Donated facilities and support	954,867	1,129,313
Net investment income:		
Interest income	298,264	253,941
Interest income - FCC spectrum incentive auction	34,000	-
Increase in fair value of investments	184,993	409,475
Interest expense	(56,544)	(58,894)
Capital campaign gifts and grants	2,234,251	1,678,664
Additions to permanent endowments	34,102	6,292
FCC spectrum incentive auction and repacking	-	8,835,859
Net non-operating revenues	<u>5,411,043</u>	<u>13,712,257</u>
<b>Net equity transfers from / (to) the University</b>	<u>314,330</u>	<u>(85,670)</u>
<b>Change in net position</b>	3,890,746	10,332,504
<b>Net position, beginning of year</b>		
Beginning of year, as previously reported	24,204,371	13,431,514
Cumulative effect of ITSCO transfer	-	440,353
Cumulative effect of accounting change	(2,432,985)	-
Beginning of year, as restated	<u>21,771,386</u>	<u>13,871,867</u>
<b>Net position, end of year</b>	<u>\$ 25,662,132</u>	<u>\$ 24,204,371</u>

The accompanying notes are an integral part of these financial statements

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants from the Corporation for Public Broadcasting	\$ 1,569,511	\$ 1,389,128
Member contributions	4,532,251	4,348,653
Fees and services	2,248,226	2,014,900
Proceeds from fundraising	3,000	7,500
Federal, state and local grants and contracts	1,668,753	1,841,758
Royalties	4,019	1,278
Other revenues	6,076	13,018
Payments to employees	(5,675,375)	(5,342,106)
Payments to suppliers	(4,681,653)	(4,873,064)
Net cash used in operating activities	<u>(325,192)</u>	<u>(598,935)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Private endowment contributions	4,482	871
University subsidies	1,727,110	1,457,607
Equity transfers to university	(85,670)	(85,670)
Net cash provided by noncapital financing activities	<u>1,645,922</u>	<u>1,372,808</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital campaign gifts	1,764,884	657,376
FCC spectrum incentive auction and repacking proceeds	8,832,330	-
Principal paid on note payable	(158,824)	(158,824)
Principal paid on university debt	-	(116,578)
Interest paid on university debt	-	(2,812)
Purchase of capital assets	(55,592)	(57,449)
Equity transfer from university for capital assets	400,000	-
Net cash provided by capital financing activities	<u>10,782,798</u>	<u>321,713</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases	(1,029,311)	(5,421)
Interest received	332,264	253,941
Net cash received from ITSCO	-	162,026
Transfers from university for endowments	29,002	-
Net cash (used in) provided by investing activities	<u>(668,045)</u>	<u>410,546</u>
Net change in cash	11,435,483	1,506,132
Cash at beginning of year	4,946,319	3,440,187
Cash at end of year	<u>\$ 16,381,802</u>	<u>\$ 4,946,319</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (1,834,627)	\$ (3,294,083)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Donated facilities and support	954,867	1,129,313
Depreciation expense	157,219	335,535
Changes in asset and liabilities:		
Receivables, net	143,653	221,136
Accounts payable	69,764	38,489
Unearned revenue	(145,148)	460,836
Compensated absences	9,938	30,265
Net pension liability	(1,686,298)	843,507
Net other post-employment benefits liability	17,552	-
Deferred outflows	992,701	(313,513)
Deferred inflows	995,187	(50,420)
Net cash used in operating activities	<u>\$ (325,192)</u>	<u>\$ (598,935)</u>
Non cash transactions:		
Amortization on note payable discount	56,532	56,532
Net increase in fair value of investments	184,993	409,475

The accompanying notes are an integral part of these financial statements

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Entity

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

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

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

#### Basis of Presentation

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

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

#### Net investment in capital assets

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

#### Restricted nonexpendable

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

#### Restricted expendable

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

#### Unrestricted

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

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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### **Basis of Accounting**

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

### **Cash**

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

### **Endowment Investments**

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

### **Capital Assets**

Capital assets are long-life assets in the service of WOSU and include buildings, furniture and equipment. Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding construction in progress) is provided on a straight-line basis over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

### **Revenue Recognition**

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

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

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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### **In-Kind Contributions**

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

### **Donated Facilities and Administrative Support from The Ohio State University**

Donated facilities and administrative support are calculated and recorded as both revenue and expense based upon the university's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting ("CPB"), which was 9.97% for the fiscal years ending June 30, 2018 and 2017. Donated facilities and administrative support from the university consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the university on behalf of WOSU and are recorded as operating expenses. All support received from the university is recorded as non-operating revenues.

### **Management Estimates**

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

### **Newly Issued Accounting Pronouncements**

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

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

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

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard is intended to improve note disclosures related to debt, including direct borrowings and private placements. It defines debt, for disclosure

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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purposes, as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) to settle an amount that is fixed at the date the contractual obligation is established. The standard requires additional disclosures related to unused lines of credit, assets pledged as collateral and significant provisions related to default, termination events and acceleration clauses. In addition, it requires that disclosures for direct borrowings and private placements be shown separately from other debt. The standard is effective for reporting periods beginning after June 15, 2018 (FY2019).

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets. The standard is effective for periods beginning after December 15, 2019 (FY2021) and will be applied on a prospective basis.

University management is currently assessing the impact that implementation of GASB Statements No. 83, 84, 87, 88 and 89 will have on the university's financial statements.

### Other

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

### Reclassification

To conform with the current year presentation, certain prior-year balances related to cash and cash equivalents designated for capital projects gifts, totaling \$194,157, have been reclassified from unrestricted net position to restricted – expendable net position. Total net position has not changed from amounts previously reported.

### Implementation of GASB Statement No. 75

In fiscal year 2018, the university implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires employers in cost-sharing, multi-employer plans to recognize a proportionate share of the net other post-employment benefit (OPEB) liabilities of the plans. University participates in a cost-sharing multiple-employer pension plan, the Ohio Public Employees Retirement System, which provide post-retirement healthcare benefits. A proportionate share of the net OPEB liabilities of the retirement system has been allocated to university, based on retirement plan contributions for university employees. The cumulative effect of adopting GASB Statement No. 75 was a \$2,432,985 reduction in WOSU's net position as of July 1, 2017. Additional information regarding net OPEB liabilities, related deferrals and OPEB expense is provided in Note 6.

### Cumulative effect of ITSCO transfer

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



# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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Changes in Net Position. In April 2017, ITSCO entered into a one year lease for office space. The lease was renewed for one year during fiscal year 2018.

### 2. INVESTMENTS

WOSU's endowment investments are maintained in the university's Long-Term Investment Pool, and as such, all endowment investments are held by the university. The pool consists of more than 5,626 Board authorized funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WOSU's mission.

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

Annual distributions to named funds in the university's Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period.

The fair values of WOSU's investments held in the university's Long-Term Investment Pool were \$6,698,827 and \$5,484,523 at June 30, 2018 and 2017, respectively. The net change in the value of investments during 2018 and 2017 were unrealized gains of \$184,993 and \$409,475, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2018 and 2017, there is cumulative net unrealized gain on investments of \$1,210,163 and \$1,025,171, respectively.

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

## WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

### Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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The following summarizes WOSU's investments held in the university's Long-Term Investment Pool as of June 30, 2018:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>
Friends of WOSU	404.92	\$ 1,410,275	\$ 2,577,216
Prine Classical Music	1.36	5,550	8,668
AEP Foundation	4.60	25,000	29,260
Elam Family	11.29	69,700	71,885
Taylor Memorial	4.51	34,274	28,684
Battelle Digital Media	23.92	166,065	152,251
Reba Harvey	16.58	99,967	105,556
Klotz Public Media	3.99	25,587	25,375
Palius Public Media	4.23	27,369	26,917
Sipp Student Interns	7.97	56,336	50,750
Digital Media Center Outreach	10.69	70,468	68,019
WOSU Public Media	398.95	2,498,073	2,539,241
WOSU Student Experience Fund	159.47	1,000,000	1,015,005
		<u>\$ 5,488,664</u>	<u>\$ 6,698,827</u>

The following summarizes WOSU's investments held in the university's Long-Term Investment Pool as of June 30, 2017:

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

### 3. RECEIVABLES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, at June 30, 2018, WOSU has recorded \$2,018,071 in pledges receivable, of which \$1,386,832 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of \$20,629 at June 30, 2018. At June 30, 2017, WOSU recorded \$1,882,275 in pledges receivable, of which \$1,296,426 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of \$20,480.

In April 2017, the WOSU executed an irrevocable offer with the Federal Communication Commission ("FCC") to relinquish the relevant spectrum usage rights of WPBO-TV in Portsmouth in exchange for a \$8,822,670 million reverse auction incentive payment. The FCC is reallocating a portion of broadcast spectrum used by television stations to make it available for use by wireless carriers. WOSU received the payment in July 2017. The spectrum incentive auction revenue and related interest income are reported as non-operating revenue in the Statement of Revenues, Expenses, and Other Changes in Net Position.

### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
FCC License	\$ 7,912,851	\$ -	\$ -	\$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	-	-	999,912
Improvements	2,501,421	-	-	2,501,421
Equipment	9,245,005	115,287	520,386	8,839,906
Total	20,659,189	115,287	520,386	20,254,090
Less: Accumulated depreciation	11,553,953	216,914	520,386	11,250,481
Total capital assets, net	\$ 9,105,236	\$ (101,627)	\$ -	\$ 9,003,609

WOSU received equipment that was fully depreciated with a cost of \$59,695 from the university. The depreciation expense for fiscal year 2018 is \$157,219.

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
FCC License	\$ 7,912,851	\$ -	\$ -	\$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	-	-	999,912
Improvements	7,993,806	-	5,492,385	2,501,421
Equipment	9,808,026	86,052	649,072	9,245,005
Total	26,714,595	86,052	6,141,457	20,659,189
Less: Accumulated depreciation	17,359,875	335,535	6,141,457	11,553,953
Total capital assets, net	\$ 9,354,720	\$ (249,484)	\$ -	\$ 9,105,236

The following estimated useful lives are used to compute depreciation:

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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

WOSU's television studios moved in December 2016 from the COSI Science Center to the Fawcett Center for an interim period as the organization plans for a new headquarters. The COSI lease, as described in Note 11, terminated in December 2016.

### 5. FCC LICENSE

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

WOSU evaluates the license for impairment on an annual basis in accordance with GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*. No impairment loss was recorded in fiscal years 2018 or 2017.

### 6. RETIREMENT PLANS

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

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

#### Defined Benefit Plans

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other postemployment benefits (OPEB), consisting primarily of healthcare. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

In accordance with GASB Statement No. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as pension expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2018 are as follows:

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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	<u>OPERS</u>
Net pension liability - all employers	\$ 15,548,438,809
Proportion of the net pension liability - WOSU	0.022%
Proportionate share of net pension liability	\$ 3,406,649

The collective net OPEB liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2018 are as follows:

	<u>OPERS</u>
Net OPEB liability - all employers	\$ 10,859,263,395
Proportion of the net OPEB liability - WOSU	0.023%
Proportionate share of net OPEB liability	\$ 2,450,537

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

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

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2018:

	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 5,287
Changes in assumptions	399,336
Changes in proportion of university contributions	9,432
Employer contributions subsequent to the measurement date	232,027
<b>Total</b>	<u><u>\$ 646,082</u></u>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 81,227
Net difference between projected and actual earnings on pension plan investments	771,797
Changes in proportion of university contributions	125
<b>Total</b>	<u><u>\$ 853,149</u></u>

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2018:

# WOSU Public Media

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## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 1,909
Changes in assumptions	178,425
<b>Total</b>	<b><u>\$ 180,334</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 182,549
<b>Total</b>	<b><u>\$ 182,549</u></b>

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

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

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

	<u>OPERS</u>
2019	\$ 515,155
2020	(81,804)
2021	(329,239)
2022	(308,163)
2023	(1,168)
2024 and thereafter	(1,848)
<b>Total</b>	<b><u>\$ (207,067)</u></b>

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

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For the Years Ended June 30, 2018 and 2017

	<u>OPERS</u>
2019	\$ 40,581
2020	40,581
2021	(37,740)
2022	(45,637)
2023	-
2024 and Thereafter	-
<b>Total</b>	<b><u>\$ (2,215)</u></b>

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

	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	<p><b>Pensions</b> -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p> <p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional</p>

# WOSU Public Media

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## Notes to the Financial Statements

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	<b>OPERS</b>
	<p>details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016. OPERS will receive the final distribution of funds from the Medicare Part D program for calendar year 2016 in 2018. Total federal subsidies received for the year ended December 31, 2017 were \$812,170.</p>
<b>Cost-of-Living Adjustments (COLAs)</b>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member's base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
<b>Contribution Rates</b>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2016, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).</p>
<b>Measurement Date</b>	<p>December 31, 2017 (OPEB is rolled forward from December 31, 2016 actuarial valuation date)</p>
<b>Actuarial Assumptions</b>	<p><b>Valuation Date:</b> December 31, 2017 for pensions; December 31, 2016 for OPEB  <b>Actuarial Cost Method:</b> Individual entry age  <b>Investment Rate of Return:</b> 7.5% for pensions; 6.5% for OPEB  <b>Inflation:</b> 3.25%  <b>Projected Salary Increases:</b> 3.25% - 10.75%  <b>Cost-of-Living Adjustments:</b> 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple through 2018, then 2.15% Simple.  <b>Health Care Cost Trends:</b> 7.5% initial; 3.25% ultimate</p>
<b>Mortality Rates</b>	<p>Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.</p>



# WOSU Public Media

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## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

	<b>OPERS</b>		
<b>Date of Last Experience Study</b>	December 31, 2015		
<b>Discount Rate</b>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.5% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> -- A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.</p>		
<b>Changes in Assumptions Since the Prior Measurement Date</b>	None		
<b>Benefit Term Changes Since the Prior Measurement Date</b>	<p><b>Pensions</b> -- For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>		
<b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b>	<b>1% Decrease</b> <b>(6.5%)</b>	<b>Current Rate</b> <b>(7.5%)</b>	<b>1% Increase</b> <b>(8.5%)</b>
	\$ 6,087,183	\$ 3,406,649	\$ 1,173,966
<b>Sensitivity of Net OPEB Liability to Changes in Discount Rate</b>	<b>1% Decrease</b> <b>(2.85%)</b>	<b>Current Rate</b> <b>(3.85%)</b>	<b>1% Increase</b> <b>(4.85%)</b>
	\$ 3,255,724	\$ 2,450,537	\$ 1,799,257

# WOSU Public Media

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## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

Sensitivity of Net OPEB Liability to Changes in Medical Trend Rate	OPERS		
	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
	\$ 2,344,699	\$ 2,450,537	\$ 2,559,987

### Defined Contribution Plans

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

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

### Combined Plans

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

### Summary of Employer Pension and OPEB Expense

Total pension and OPEB expense for the year ended June 30, 2018, including employer contributions and accruals associated with recognition of net pension and OPEB liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	\$ 456,426	\$ 113,181	\$ 569,607
GASB 68 Pension Accruals	299,372	-	299,372
GASB 75 OPEB Accruals	19,767	-	19,767
Total Pension and OPEB Expense	<b>\$ 775,565</b>	<b>\$ 113,181</b>	<b>\$ 888,746</b>

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

# WOSU Public Media

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## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

	<b>OPERS</b>	<b>ARP</b>	<b>Total</b>
Employer Contributions	\$ 455,595	\$ 100,954	\$ 556,550
GASB 68 Pension Accruals	479,573	-	479,573
Total Pension Expense	<b>\$ 935,168</b>	<b>\$ 100,954</b>	<b>\$ 1,036,123</b>

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

OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the organization.

### OPERS

277 East Town Street  
Columbus, OH 43215-4642  
(614) 222-5601  
(800) 222-7377

[www.opers.org/investments/cafr.shtml](http://www.opers.org/investments/cafr.shtml)

## 7. ACCRUED COMPENSATED ABSENCES

The WOSU Station employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Certain employees receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at the time of termination or retirement.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

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

Long term liabilities related to accrued compensated absences as of June 30, 2018 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Compensated absences	\$ 409,954	\$ 16,235	\$ 6,297	\$ 419,892	\$ 6,297

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Compensated absences	\$ 379,689	\$ 36,413	\$ 6,148	\$ 409,954	\$ 6,148

### 8. CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

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

<b>CPB Grant</b>	<b>Fiscal Year 2018</b>		
	<b>WOSU-FM</b>	<b>WOSU-TV</b>	<b>Total</b>
Community Service	\$ 316,721	\$ 1,208,638	\$ 1,525,359
Interconnection	-	22,081	22,081
American Graduate	-	19,828	19,828
Ready to Learn Planning	-	2,243	2,243
Total	<u>\$ 316,721</u>	<u>\$ 1,252,790</u>	<u>\$ 1,569,511</u>

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

### 9. UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the university. The university provides for the general operating costs of WOSU operations. The university's direct support amounted to \$1,727,100 and \$1,457,607, for the years ended June 30, 2018 and 2017, respectively. The university provided revenue to WOSU in support of the capital needs for a new headquarters in the amount of \$400,000. This amount is reported as an equity transfer from the university. In addition, the University provided \$954,867 and \$1,129,313 in indirect administrative support during fiscal years 2018 and 2017, respectively. The indirect administrative support revenues were calculated using the university's "modified other sponsored activities indirect costs rate" of 9.97% for fiscal years ended June 30, 2018 and 2017.

WOSU provides media production services, underwriting services, and space rental to the university. The total revenue reported in the state and local revenue line for the years ended June 30, 2018 and 2017 were \$309,165 and \$209,245, respectively.

# WOSU Public Media

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## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

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### 10. INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by the university. These funds are the property of the university, and as such are not included within WOSU's investment portfolio included within the Statement of Net Position. WOSU Public Media receives income generated from the Donald R. Glancy Endowed Fund in excess of \$7,000 per year to support television and radio programming needs. WOSU Public Media received \$27,886 and \$27,065 from this fund during fiscal years 2018 and 2017, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKittrick Family Fund. During fiscal years 2018 and 2017, WOSU Public Media received \$278 and \$272 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary has been included in the statement of revenues, expenses and other changes in net position. The following summarizes the value of these funds as of June 30, 2018 and 2017:

Fund Name	2018 Market Value	2017 Market Value
Donald R. Glancy Endowed Fund	\$ 696,551	\$ 671,281
John McKittrick Family Fund	6,921	6,713
Total Income Beneficiary Funds	<u>\$ 703,472</u>	<u>\$ 677,994</u>

### 11. OPERATING LEASE OBLIGATION

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

WOSU leases office space at the Fawcett Center under an annual agreement with the university. WOSU pays a portion of the rent directly to the Business Advancement office in accordance with the lease agreement. WOSU paid approximately \$148,349 and \$143,328 during 2018 and 2017, respectively, under this agreement. The lease amount is based on an annual square footage rate. WOSU leases office space for ITSCO operations under a one year renewable lease agreement. WOSU paid \$20,604 and \$7,311 during 2018 and 2017.

The total rental expense charged to operations was \$168,953 and \$257,099 during 2018 and 2017, respectively. Future minimum payments for significant operating leases with initial or remaining terms in excess of one year are as follows:

2019	\$ 173,916
2020	89,566
Total	<u>\$ 263,482</u>

WOSU leases land from an individual under an agreement with a five-year term commencing with the purchase of WWCD FM on December 14, 2010. The lease term automatically renews for three

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2018 and 2017

additional five-year terms. Future minimum lease payments approximate \$12,000 per year through 2025. Rental expense charged to operations was \$12,000 during 2018 and 2017.

### 12. DEBT OBLIGATIONS

Debt activity for the year ended June 30, 2018, is as follows:

	<b>Beginning Balance</b>	<b>Principal Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Promissory note before discount	\$ 2,144,757	\$ -	\$ 158,824	\$ 1,985,933	\$ 158,824
Discount on promissory note				(711,438)	
Total promissory note, net present value				<u>\$ 1,274,495</u>	

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

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

WOSU financed the purchase of the WOSA (FM) on December 14, 2010 through a promissory note with the seller for \$3,450,000 and it is non-interest bearing. As such, the net present value of the note is less than face value. The net present value of the note (at an imputed interest rate of 4.80%) is \$1,274,495 and \$1,376,775 at June 30, 2018 and June 30, 2017, respectively. The monthly principal on the note shall be amortized over 20 years. The discount and imputed interest expense on the note are included in the statement of revenue, expenses and change in net position

The following is a schedule showing the amounts due for the debt obligations as of June 30, 2018:

	<b>Principal</b>
2019	\$ 158,520
2020	158,520
2021	158,520
2022	158,520
2023-2027	792,600
2028-2031	559,253
Total	<u>\$ 1,985,933</u>

Interest expense of \$56,544 and \$58,894 was incurred on the debt during fiscal year 2018 and 2017, respectively.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Required Supplementary Information on GASB 68 Pension Liabilities For the Years Ended June 30, 2018, 2017, 2016, and 2015 (Unaudited)

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

	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>				
WOSU proportion of the collective net pension liability	0.022%	0.022%	0.025%	0.026%
WOSU proportionate share of the net pension liability	\$ 3,406,649	\$ 5,092,947	\$ 4,249,440	\$ 3,156,849
WOSU covered payroll	\$ 3,211,095	\$ 3,200,020	\$ 3,381,780	\$ 3,546,706
WOSU proportionate share of the net pension liability as a percentage of its covered payroll	106%	159%	126%	89%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	77.4%	81.1%	86.5%

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

	2018	2017	2016	2015
Contractually required contribution	\$ 456,426	\$ 455,595	\$ 468,520	\$ 482,900
Contributions in relation to the contractually required contribution	\$ 456,426	\$ 455,595	\$ 468,520	\$ 482,900
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
WOSU covered payroll	\$ 3,213,130	\$ 3,212,283	\$ 3,309,940	\$ 3,411,352
Contributions as a percentage of covered payroll	14.2%	14.2%	14.2%	14.2%

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Required Supplementary Information on GASB 75 OPEB Liabilities For the Years Ended June 30, 2018 (Unaudited)

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The schedule of WOSU's proportionate shares of net OPEB liability are presented below:

	<u>OPERS</u> <u>2018</u>
<b>Schedule of Proportionate Share of the Net OPEB Liability</b>	
WOSU proportion of the collective net OPEB liability	0.023%
WOSU proportionate share of the net OPEB liability	\$ 2,450,537
WOSU covered payroll	\$ 3,211,095
WOSU proportionate share of the net OPEB liability as a percentage of its covered payroll	76%
Plan fiduciary net position as a percentage of the total OPEB liability	54.1%



# WOSU Public Media

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## Supplemental Schedule of Revenues and Expenses by Telecommunication Operations

For the Year Ended June 30, 2018

<b><u>REVENUES AND OTHER SUPPORT</u></b>	<b><u>Television</u></b>	<b><u>Radio</u></b>	<b><u>Totals</u></b>
The Ohio State University Direct Support	\$ 1,062,441	\$ 1,064,669	\$ 2,127,110
Contributed services	518,011	242,117	760,128
Donated facilities and support - OSU	567,754	387,113	954,867
Grants from the CPB	1,252,790	316,721	1,569,511
Member contributions	2,004,934	2,363,616	4,368,550
Public Broadcasting Service	11,603	18,982	30,585
Business and industry	796,788	716,939	1,513,727
Foundations/NPO's	432,539	459,992	892,531
Fundraising	-	3,000	3,000
Federal grants	44,324	3,594	47,918
State and local grants	1,252,854	367,543	1,620,397
Investment income:			-
Interest and dividend income	139,685	158,579	298,264
Unrealized gain on investments	83,247	101,746	184,993
Endowment contributions	18,795	15,307	34,102
Capital campaign gifts	1,077,535	1,156,716	2,234,251
Royalties	3,975	44	4,019
Other	4,494	1,582	6,076
FCC Spectrum	34,000	-	34,000
Total Support, Revenue, and Other Additions	<u>9,305,769</u>	<u>7,378,260</u>	<u>16,684,029</u>
<b><u>EXPENSES</u></b>			
Program Services:			
Programming and production	3,989,327	2,139,269	6,128,596
Broadcasting	1,393,162	899,783	2,292,945
Program information	<u>158,894</u>	<u>184,675</u>	<u>343,569</u>
Total Program Services	5,541,383	3,223,727	8,765,110
Supporting Services:			
Management & general	1,006,953	991,072	1,998,025
Fundraising	592,611	693,620	1,286,231
Underwriting	244,093	286,061	530,154
Interest expense	-	56,544	56,544
Depreciation	<u>70,749</u>	<u>86,470</u>	<u>157,219</u>
Total Supporting Services	1,914,406	2,113,768	4,028,173
Total Expenses	<u>7,455,788</u>	<u>5,337,495</u>	<u>12,793,283</u>
Change in Net Position	<u>\$ 1,849,981</u>	<u>\$ 2,040,765</u>	<u>\$ 3,890,746</u>

# **WOSU Public Media**

**A Public Telecommunications Entity Operated by The Ohio State University**

## **Note to Supplemental Schedule**

**For the Year Ended June 30, 2018**

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### **Basis of Presentation**

The accompanying supplementary information has been prepared to satisfy the requirements of the Corporation for Public Broadcasting. WOSU holds licenses for both public television stations and public radio stations. The supplementary information provides support for the change in net position for television and radio operations. For certain revenues and expenses supporting both television and radio operations, WOSU uses an allocation methodology based on total support provided from members, donors, and customers during the year. The allocation percentage for fiscal year 2018 is 45% to television and 55% to radio. The schedule is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures.



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

To the Board of Trustees of  
The Ohio State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), a department of The Ohio State University, as of and for the year ended June 30, 2018, appearing on pages 10 to 30, which comprise the statement of net position, and the related statements of revenues, expenses and other changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



**Purpose of this Report**

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

*PricewaterhouseCoopers LLP*

December 31, 2018

# OHIO AUDITOR OF STATE KEITH FABER



**WOSU PUBLIC MEDIA**

**FRANKLIN COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 24, 2019**