

# WOUB Center for Public Media

A Public Media Entity  
(A Department of Ohio University)

Financial Statements as of and for the  
Years Ended June 30, 2018 and 2017 and  
Independent Auditor's Report



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

We have reviewed the *Independent Auditor's Report* of the WOUB Center for Public Media, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 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 WOUB Center for 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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# WOUB Center for Public Media

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## Independent Auditor's Report

To the Board of Trustees  
WOUB Center for Public Media

### Report on the Financial Statements

We have audited the accompanying financial statements of WOUB Center for Public Media (the "Center"), a public media entity (a department of Ohio University), as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise WOUB Center for Public Media's basic financial statements, as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOUB Center for Public Media as of June 30, 2018 and 2017 and the changes in its financial 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***

We draw attention to Note 1, which explains that the financial statements of the Center are intended to present the net position, changes in net position, and changes in cash flows of only that portion of Ohio University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the net position of Ohio University as of June 30, 2018 and 2017, the changes in its net position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
WOUB Center for Public Media

As discussed in Note 1 to the basic financial statements, the Center adopted the provisions under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of July 1, 2017. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Center's proportionate share of the net pension and net OPEB liabilities, and the schedule of Center pension and OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of WOUB Center for Public Media's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WOUB Center for Public Media's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

December 17, 2018

# WOUB Center for Public Media

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## Management's Discussion and Analysis

The discussion and analysis of WOUB Center for Public Media's (WOUB or the "Center") financial statements provides an unaudited overview of the Center's financial activities for the fiscal years ended June 30, 2018, 2017, and 2016. Management has prepared the financial statements and the related note disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

### Using This Report

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

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

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

### Financial Highlights

In the current year, revenue was down \$17,069,599, mainly driven by \$18,412,349 of revenue being recognized in fiscal year 2017 from participation in a Federal Communications Commission (FCC) Spectrum Auction. Expenses decreased by \$1,699,894. This caused an increase in net position of \$1,755,074. Without the one-

# WOUB Center for Public Media

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## Management's Discussion and Analysis (Continued)

time revenue from the FCC auction last year, revenue would have increased \$1,342,750 or 18.6 percent. Expenditures include (\$687,575) of pension and OPEB expenses arising from GASB Nos. 68 and 75 adjustments. GASB Nos. 68 and 75 requires recognition of liabilities for the unfunded pension and other postemployment benefits from the state retirement systems. This is the first year of implementation for GASB No. 75. Without the effects of GASB Nos. 68 and 75 adjustments, expenditures would have decreased \$226,859 or 2.9 percent. See details in the discussion on statements of net position and Note 8 to the financial statements.

### Statements of Net Position

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

Accounts receivable (payable) – Ohio University represents amounts available in the cash account of the University for the benefit of the Center. All of the Center's receipts and disbursements are recorded in this account. The amounts are \$18,871,321, \$311,192, and (\$36,298) for the University for the years ended June 30, 2018, 2017, and 2016, respectively.

# WOUB Center for Public Media

## Management's Discussion and Analysis (Continued)

The following chart depicts the breakdown of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the Center as of June 30, 2018, 2017, and 2016:

	2018	2017	2016
Assets:			
Current assets:			
Accounts receivable and prepaid expenses	\$ 593,959	\$ 18,416,256	\$ 324,295
Accounts receivable - Ohio University	18,871,321	311,192	-
Noncurrent assets - Capital assets - Net	<u>3,372,654</u>	<u>2,798,784</u>	<u>3,378,573</u>
Total assets	22,837,934	21,526,232	3,702,868
Deferred outflows of resources	781,480	937,444	626,169
Liabilities:			
Current liabilities			
Accounts payable - Ohio University	760,513	169,602	170,395
Noncurrent liabilities	-	-	36,298
Noncurrent liabilities	<u>3,597,486</u>	<u>4,227,242</u>	<u>3,028,158</u>
Total liabilities	4,357,999	4,396,844	3,234,851
Deferred inflows of resources	<u>415,442</u>	<u>27,224</u>	<u>179,357</u>
Net position	<u><b>\$ 18,845,973</b></u>	<u><b>\$ 18,039,608</b></u>	<u><b>\$ 914,829</b></u>

The net position is further displayed as follows:

	2018	2017	2016
Net investment in capital assets	\$ 3,372,654	\$ 2,450,627	\$ 3,001,308
Unrestricted	<u>15,473,319</u>	<u>15,588,981</u>	<u>(2,086,479)</u>
Total net position	<u><b>\$ 18,845,973</b></u>	<u><b>\$ 18,039,608</b></u>	<u><b>\$ 914,829</b></u>

The most notable change for fiscal year 2018 was the increase in the Center's share of cash accounts from a receivable position from the University of \$311,192 at fiscal year end 2017 to a receivable position of \$18,871,321 from the University at fiscal year end 2018. This was mainly driven by proceeds from the FCC Spectrum Auction from fiscal year 2017 being transferred to capital and endowment funds within the University for reinvestment into new equipment and construction for future Center endeavors. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the Center (through the University) is required to carry its proportionate share of the net liability for the pension plans in which it participates and carry its proportionate share of the net OPEB liability. The unfunded pension and OPEB liabilities will change each year based on the

# **WOUB Center for Public Media**

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

University's proportionate share of contributions to total contributions of all participating employers to the plans. The net pension and OPEB liabilities are determined by actuarial valuations as of the measurement dates of the retirement plans. The effect of changes in the net pension and OPEB liabilities due to the differences between projected and actual investment earnings, differences between expected and actual experience, change in assumptions about economic and demographic factors, and change in the employer's proportionate share of net pension and OPEB liabilities result in changes to deferred outflows of resources and deferred inflows of resources. The current year impact from these factors is an increase in net position of \$687,575. Deferred outflows of resources relating to pensions decreased for fiscal year 2018, while deferred inflows of resources relating to pensions increased. The net OPEB liability and corresponding deferred outflows and inflows relating to OPEB are recorded for the first time in fiscal year 2018, as required by GASB No. 75 (see details in Note 8).

### **Participation in the FCC Spectrum Auction**

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

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

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

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

# WOUB Center for Public Media

## Management's Discussion and Analysis (Continued)

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

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

The statements of revenue, expenses, and changes in net position present the Center's results of operations for the years ended June 30, 2018 and 2017.

#### **Operating Revenue**

Charges for goods and services are recorded as operating revenue. In addition, certain grants are classified as operating revenue if they are not for capital purchases and are provided as a contract for services. Essentially, this means that the Center is required by the grant to provide goods or services to the grantor of equal value to the value of the services or dollars received. Operating revenue includes an annual community service grant from the Corporation for Public Broadcasting (the "corporation") and the State of Ohio, administered through an annual grant from the Broadcast Education Media Commission. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the "University"). Total operating revenue is \$6,311,239, \$24,070,336, and \$6,277,653 for the years ended June 30, 2018, 2017, and 2016, respectively. Total operating revenue was down 73.8 percent from 2017, falling in line with historical revenue generation for the Center prior to the 2017 FCC Spectrum Auction proceeds.

#### **Nonoperating Revenue**

Certain grants are also classified as nonoperating revenue if the Center is not required under the grant agreement to provide goods or services to the grantor of equal value to the services or dollars received. Total nonoperating revenue is \$2,238,554, \$1,549,056, and \$1,940,362 for the years ended June 30, 2018, 2017, and 2016, respectively. Included in this amount is in-kind contributions of \$891,874, \$939,259, and \$1,315,260 for the years ended June 30, 2018, 2017, and 2016, respectively. Overall, nonoperating revenue was up 44.5 percent due to investment income revenue generated by investing the FCC Spectrum Auction Revenue from 2017.

# WOUB Center for Public Media

## Management's Discussion and Analysis (Continued)

### Total Revenue

The following depicts total revenue by source for the years ended June 30, 2018, 2017, and 2016:

	2018	2017	2016
Support from Ohio University	\$ 3,248,304	\$ 3,203,887	\$ 3,638,188
Grants and contracts	1,798,129	1,121,079	611,099
Private gifts and other	1,582,502	1,549,056	1,940,362
Investment income, net	656,052	-	-
Sales and services	372,932	18,806,111	713,106
In-kind support	891,874	939,259	1,315,260
Total revenue by source	<u>\$ 8,549,793</u>	<u>\$ 25,619,392</u>	<u>\$ 8,218,015</u>

### Total Expenses

Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Center. In addition, depreciation expense of \$414,816, \$463,946, and \$651,999 for the years ended June 30, 2018, 2017 and 2016, respectively, is shown as an operating expense. Operating expenses decreased 20.0 percent due in part to the implementation of GASB 75.

The following depicts operating expenses for the Center for the years ended June 30, 2018, 2017, and 2016:

	2018	2017	2016
Program and support services	\$ 6,379,903	\$ 7,889,892	\$ 8,216,387
Depreciation	414,816	463,946	651,999
Disposal of plant facilities	-	140,775	-
Total expenses by source	<u>\$ 6,794,719</u>	<u>\$ 8,494,613</u>	<u>\$ 8,868,386</u>



# WOUB Center for Public Media

## Management's Discussion and Analysis (Continued)

### Change in Net Position

Total change in net position is as follows:

	2018	2017	2016
Operating revenue	\$ 6,311,239	\$ 24,070,336	\$ 6,277,653
Nonoperating revenue	2,238,554	1,549,056	1,940,362
Expenses	<u>(6,794,719)</u>	<u>(8,494,613)</u>	<u>(8,868,386)</u>
Increase (decrease) in net position	1,755,074	17,124,779	(650,371)
Beginning net position	18,039,608	914,829	1,565,200
Change in accounting standard	<u>(948,709)</u>	-	-
Adjusted beginning net position	<u>17,090,899</u>	<u>914,829</u>	<u>1,565,200</u>
Ending net position	<u><b>\$ 18,845,973</b></u>	<u><b>\$ 18,039,608</b></u>	<u><b>\$ 914,829</b></u>

### Statements of Cash Flows

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

The three categories of presentation and their respective amounts for the years ended June 30, 2018, 2017, and 2016 are as follows:

	2018	2017	2016
Net cash provided by (used in):			
Operating activities	\$ 18,550,291	\$ (103,790)	\$ (482,509)
Noncapital financing activities	690,628	469,022	625,102
Capital and related financing activities	(1,336,842)	(54,040)	(327,035)
Investing activities	<u>656,052</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	18,560,129	311,192	(184,442)
Cash - Beginning of year	<u>311,192</u>	<u>-</u>	<u>184,442</u>
Cash - End of year	<u><b>\$ 18,871,321</b></u>	<u><b>\$ 311,192</b></u>	<u><b>\$ -</b></u>

### Capital Assets

The Center made certain additions to capital assets during fiscal year 2018. These capital asset additions included replacement of outdated broadcast equipment and upgrades to spectrum channels.

# WOUB Center for Public Media

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## Management's Discussion and Analysis (Continued)

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

### Debt Administration

As of June 30, 2018, the Center had \$0 in an outstanding loan payable compared to \$348,156 at the end of 2017. This loan was payable to Ohio University and was fully repaid in 2018 from the proceeds of the FCC WOUC Spectrum Auction.

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

### Economic Outlook and Items of Interest

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

### Local Value, Key Services, and Local Impact

During fiscal year 2018, WOUB Center for Public Media ("WOUB") continued to be a valuable part of the southeastern Ohio and western West Virginia area. Local news continues as a mainstay both on the FM radio network, television broadcasts and AM station. In addition, news has expanded its reach by utilizing Facebook live and other social media platforms as appropriate. New podcast and audio projects tell the stories of our local area and bring localization of national issues, while maintaining local content via traditional broadcast. WOUB continues to extend the expertise of Ohio University to the local community and beyond.

WOUB provided the following key services to the local area: 1. Seventy-seven hours of local television production and more than twenty hours of digital video (specific) content. 2. The launch of four new podcasts that focus on local news, the education of a new generation of students, the acts of sharing kindness, and practical tips on navigating careers. 3. Continued partnerships (The Ohio Valley ReSource, Nelsonville Music Festival, The Voinovich School of Leadership and Public Affairs, Barbara Gerald's Institute for Storytelling and Social Impact) to create content for and about the region.

WOUB's local services have a deep impact in the local listening and viewing area. With five unique television programming streams, WOUB broadcasts more than 40,000 hours of content to an area not all served by traditional commercial television. Social media and digital platforms have allowed for direct conversations with listeners and viewers as

# WOUB Center for Public Media

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## Management's Discussion and Analysis (Continued)

it relates to content and local/national news. Regional partnerships allow for content creation and local voices to be heard while showcasing both the arts and the culture of the region.

### Financial Highlights

It has been an exciting year for WOUB on the financial front. You'll recall in the spring of 2017 that WOUC participated in the FCC Spectrum Auction and was awarded \$18.4M from the FCC which was received in July of 2017. An existing Center debt was immediately paid-off, which relieved some expense pressure on the operating budget. Two new major broadcasting systems were planned to replace the old obsolete systems: a digital television broadcast encoder system, which allowed for the expansion of channels/streams to broadcast to the local area, and a centralized audio server and on-air automation for the radio and audio production areas, which will be installed in fiscal year 2019. Last, but not least, \$14.1M was invested in an endowment, from which the earnings will provide a long-term solution to future capital funding needs.

### Production Highlights

**WOUB News:** WOUB news coverage has evolved from just traditional broadcast to include YouTube, Facebook, Twitter, Instagram and online access to content. Some highlights include:

**FM Radio:** The WOUB Public Media FM Radio Network is a five-station system covering more than 30 counties in three states. Listeners can tune in to high quality programming from NPR, PRI and WOUB while at the same time remaining informed with news from their own area from our 60 local news updates per week, available on-air locally and globally via streaming.

**Newswatch:** In the last fiscal year, WOUB Public Media produced and broadcast 121 unique half-hour episodes of Newswatch, WOUB's longest running program on television. Formatted like a commercial newscast, Newswatch provides space for national, regional and local news, sports and weather. Much of the WOUB coverage area has no traditional Designated Market Area (DMA) and for some, this is their only access to local television news.

# WOUB Center for Public Media

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## Management's Discussion and Analysis (Continued)

**Podcasts:** In fiscal year 2018, WOUB's combined collection of podcast productions averaged 332 visitors per day, for a fiscal year total of 121,180 visits and 2,286,343 page views. The collection of podcast titles include:

*#457SEO Podcast:* Launched in October 2016, WOUB's small team of journalists are dedicated to researching, writing, gathering and producing accurate information on behalf of its audiences in southeast Ohio. Episodes included "Voting and Hunting! Tis the Season," "Uncomfortable Truths...Poverty & Overdosing," "Rural Life Matters," "The Vinton County Food Fight," and "The Hills are Alive with the Sound of Music...And Economic Development."

*Jazzed About Work Podcast:* Hosted by author and career coach Beverly Jones. "Jazzed About Work" features lively, informal conversations about everything it takes to create a resilient and rewarding career. In each segment, host Jones interviews professionals who can share their expertise related to the workplace. Her guests go beyond the research and get personal, as they talk about their interesting and often surprising professional paths. Jones is an executive coach who wrote the handbook on building career resilience, "Think Like an Entrepreneur, Act Like a CEO."

*Teaching Matters Podcast:* The podcast is an "information resource on teaching and learning in an information-rich world," according to host Dr. Scott Titsworth, Dean of the Scripps College of Communication at Ohio University. He will have conversations with guests who will talk about new teaching techniques geared for the 21st century learner in a technological age.

*The Kindness Podcast:* Nicole Phillips is a published author, with her first book *Kindness is Contagious: 100 Stories to Remind You God is Good and So are Most People*, having been published November 2016. Phillips is now bringing her stories of human kindness to WOUB and beyond through "The Kindness Podcast," which will be hosted weekly by the author. On the podcast, Phillips interviews various kindness "experts, advocates, and people with incredible kindness stories." "It's amazing to talk to these people, because when I do, I begin to think 'wow, maybe the world will be okay after all,'" said Phillips. "It's inspiring just to talk to them."

*Live from Jorma Kaukonen's Fur Peace Ranch Podcast:* Hosted by Grammy nominee and Rock & Roll Hall of fame member Jorma Kaukonen (Jefferson Airplane, Hot Tuna) introduces each program's featured artist in a series of concerts recorded at the Fur Peace Ranch guitar camp in Meigs County, Ohio. An eclectic blend of performances including blues, folk, Americana, rock, bluegrass, and jazz.

## WOUB Center for Public Media

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

*Spectrum Podcast:* Spectrum features conversations with an eclectic group of people: journalists, authors, scholars, storytellers, celebrities and just average people with fascinating stories. “We will never run out of stories because there is no shortage of captivating people to talk with,” says Tom Hodson, host and co-producer. “We try to pick important and timely topics to address but we also intersperse our episodes with interesting new information and riveting stories from the personal perspectives of our guests.”

*WOUB News Partnerships:* The Ohio Valley ReSource is a regional journalism collaborative reporting on economic and social change in Kentucky, Ohio, and West Virginia. With support from the Corporation for Public Broadcasting, seven public media outlets across the three states have partnered to form the ReSource in order to strengthen news coverage of the area's most important issues. The ReSource team of eight journalists uses radio, data, online tools and video to craft stories that promote understanding, empathy, and engagement. We tell the human stories behind the region's economy, energy, environment, food, health, and infrastructure. Our work recognizes that dramatic changes to the region's traditional economic base are intertwined with social and cultural challenges. By analyzing these challenges and focusing on creative responses, the ReSource aims to help communities rethink their use of resources in a shifting economy.

*WOUB Sports:* As a part of WOUB news coverage, the WOUB sports team covers all Ohio University athletic programs and tells their stories on-air, online and via social media including an hour-long weekly radio sports talk program for the region. Four stations of the WOUB-FM network broadcast Ohio University football and men's basketball games, while baseball and women's basketball games are broadcast via WOUB's AM radio station.

*Gridiron Glory:* In its 19th season, Gridiron Glory continues to cover area high school football across the broadcast area. Maintaining the excellence established early on, season 19 was (again) the recipient of a Student Production Award from the Ohio Valley Chapter of the National Academy of Arts and Sciences (NATAS). Airing live every Friday night during football season, Gridiron Glory tells the stories of each week's action – and more.

*Hardwood Heroes:* Now in its sixth season, Hardwood Heroes has a focus on boys and girls high school basketball. The program starts online in the fall, moves to television for eight weeks during conference play and finally back to extensive online coverage for

## WOUB Center for Public Media

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

any team advancing in the state tournament. Hardwood was an Honorable Mention in the Student Production category from NATAS in 2017.

**Audio Books:** WOUB partners our professional staff with community volunteers, (cast, directed and led by volunteer Karen Chan) and college students from the Media Arts and Studies Department in the Scripps College of Communication at Ohio University to produce both public domain and original audio books for listening pleasure. This year's productions included:

*Freedom Star:* Connie Winters grew up in the Cincinnati area and attended Ohio University where she earned BFAs in both theater (1973) and dance (1980). She spent several years as a performer and writer with the Appalachian Green Parks Project, which was created by her husband, Bob Winters, as part of the University's summer program. This, along with living in the Athens area, sparked her interest in the stories of the Appalachian region. After starting a family, Connie began teaching dance and theater, which led her to return to school and get a teaching degree. She then taught elementary school for 15 years before moving on to the college level for nine more years. During those years, Connie also began writing children's books, and *Freedom Star* was born.

*The Sleeping Beauty by C.S. Evans:* This most romantic of fairy tales is found in many versions, and the story of the beautiful girl who falls into a long sleep, to be awakened by a lover, has been interpreted by some as an allegory of the spring revival of the earth after a long winter. This audiobook uses the unabridged version of this story taken from the Project Gutenberg site.

*Through the Looking Glass by Lewis Carroll:* The sequel to Alice's Adventures in Wonderland (1865). Set some six months later than the earlier book, Alice again enters a fantastical world, this time by climbing through a mirror into the world that she can see beyond it.

**Our Town Documentary Production:** The Our Town productions are a series of sixty-minute feature documentaries that discover the heritage and spirit of local cities within WOUB's viewing area. To date, five documentaries have been produced: Our Town: Lancaster, Our Town: Pomeroy, Our Town: Nelsonville, Our Town: Jackson, and Our Town: Athens. Each documentary presents fascinating stories of the towns' history, personalities and unique contributions to the region, state, and nation. The next production will be Our Town: Morgan County. These documentaries become community events with advance public screenings in their location with local support making them possible.

## **WOUB Center for Public Media**

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

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

# WOUB Center for Public Media

## Statements of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable	\$ 590,052	\$ 18,412,349
Prepaid expenses	3,907	3,907
Accounts receivable - Ohio University	<u>18,871,321</u>	<u>311,192</u>
Total current assets	19,465,280	18,727,448
<b>Noncurrent Assets - Capital assets - Net</b>	3,372,654	2,798,784
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	719,454	937,444
Deferred outflows of resources related to OPEB	<u>62,026</u>	<u>-</u>
Total deferred outflows of resources	<u>781,480</u>	<u>937,444</u>
Total assets and deferred outflows of resources	<b><u>\$ 23,619,414</u></b>	<b><u>\$ 22,463,676</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 714,025	\$ 126,483
Current portion of loan payable	-	30,751
Unearned revenue	<u>46,488</u>	<u>12,368</u>
Total current liabilities	760,513	169,602
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	164,171	193,472
Loan payable - Related party	-	317,405
Net pension liability	2,533,661	3,716,365
Net OPEB liability	<u>899,654</u>	<u>-</u>
Total noncurrent liabilities	<u>3,597,486</u>	<u>4,227,242</u>
Total liabilities	4,357,999	4,396,844
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	335,568	27,224
Deferred inflows of resources related to OPEB	<u>79,874</u>	<u>-</u>
Total deferred inflows of resources	415,442	27,224
<b>Net Position</b>		
Net investment in capital assets	3,372,654	2,450,627
Unrestricted	<u>15,473,319</u>	<u>15,588,981</u>
Total net position	<u>18,845,973</u>	<u>18,039,608</u>
Total liabilities, deferred inflows of resources, and net position	<b><u>\$ 23,619,414</u></b>	<b><u>\$ 22,463,676</u></b>

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



# WOUB Center for Public Media

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

	Year Ended June 30	
	2018	2017
<b>Operating Revenue</b>		
Federal grants and contracts	\$ 567,562	\$ 10,519
State grants and contracts	782,776	714,252
Community service grants	1,339,665	1,335,567
Support from Ohio University	3,248,304	3,203,887
Sales and services	372,932	18,806,111
Total operating revenue	6,311,239	24,070,336
<b>Operating Expenses</b>		
Programming and production	6,379,903	7,889,892
Depreciation	414,816	463,946
Disposal of plant facilities	-	140,775
Total operating expenses	6,794,719	8,494,613
<b>Operating (Loss) Gain</b>	(483,480)	15,575,723
<b>Nonoperating Revenue</b>		
Private gifts and grants	1,582,502	1,549,056
Investment income, net	656,052	-
Total nonoperating revenue	2,238,554	1,549,056
<b>Increase in Net Position</b>	1,755,074	17,124,779
<b>Net Position - Beginning of year</b>	18,039,608	914,829
Adjustment for change in accounting principle	(948,709)	-
Beginning of year, as restated	17,090,899	914,829
<b>Net Position - End of year</b>	<b>\$ 18,845,973</b>	<b>\$ 18,039,608</b>

# WOUB Center for Public Media

## Statements of Cash Flows

	Year Ended June 30	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Grants and contracts	\$ 2,149,951	\$ 2,060,338
Support from Ohio University	3,248,304	3,203,887
Payments to suppliers	(3,136,564)	(2,024,717)
Payments to or on behalf of employees	(2,494,931)	(4,057,448)
Payments for scholarships and fellowships	(1,750)	-
Sales and services	<u>18,785,281</u>	<u>714,150</u>
Net cash provided by (used in) operating activities	18,550,291	(103,790)
<b>Cash Flows from Noncapital Financing Activities -</b>		
Gifts and grants for other-than-capital purposes	690,628	469,022
<b>Cash Flows from Capital Financing Activities</b>		
Payments on related party loan payable	(348,156)	(29,108)
Purchases of capital assets	<u>(988,686)</u>	<u>(24,932)</u>
Net cash used in capital financing activities	<u>(1,336,842)</u>	<u>(54,040)</u>
<b>Cash Flows from Investing Activities</b>		
Investment income, net	<u>656,052</u>	<u>-</u>
<b>Net Increase in Cash Equivalents</b>	18,560,129	311,192
<b>Cash Equivalents - Beginning of year</b>	<u>311,192</u>	<u>-</u>
<b>Cash Equivalents - End of year</b>	<u><u>\$ 18,871,321</u></u>	<u><u>\$ 311,192</u></u>

# WOUB Center for Public Media

## Statements of Cash Flows (Continued)

	Year Ended June 30	
	2018	2017
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (used in) Operating Activities</b>		
Operating (loss) gain	\$ (483,480)	\$ 15,575,723
Adjustments to reconcile operating gain (loss) to net cash used in operating activities:		
Depreciation	414,816	463,946
In-kind gifts	891,874	939,259
Disposal of plant facilities	-	140,775
Changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources:		
Accounts receivable	17,822,297	(18,091,961)
Deferred outflows of resources	155,964	(311,274)
Deferred inflows of resources	388,218	(152,133)
Accounts payable and accrued liabilities	589,244	93,504
Unearned revenue	34,120	11,226
Accrued compensated absences	(31,002)	(21,723)
Net pension and OPEB liabilities	(1,231,760)	1,248,868
Net cash provided by (used in) operating activities	<u>\$ 18,550,291</u>	<u>\$ (103,790)</u>

# WOUB Center for Public Media

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## Notes to Financial Statements June 30, 2018 and 2017

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

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

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

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

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

**Financial Statement Presentation** – The financial statement presentation required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended, provides a comprehensive, department-wide (in this instance) perspective of the Center’s assets, liabilities, net position, revenue, expenses, changes in net position, and cash flows. It replaces fund groups with net position groups, and requires the direct method of cash flow presentation.

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

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

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

**Accounts Receivable** – Accounts receivable consist of amounts due for tower leases, production services, and advertising. All amounts are deemed to be collectible; therefore, no allowance has been established as of June 30, 2018 or 2017. Accounts receivable from the University include the amount of \$14.1M held at the University as board-designated endowment investments. This endowment investment is actively generating investment income which is distributed to the Center.

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

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

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

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

**Deferred Outflows and Deferred Inflows of Resources** – In addition to assets and liabilities, the statements of net position report a separate section for deferred outflows and inflows of resources. These separate financial statement elements represent a consumption (outflows) and acquisition (inflows) of net position that apply to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until that time. The Center's deferred outflows and inflows of resources are related to its pensions and other postemployment benefits (OPEB) (see Note 8 for more information). The Center recorded total deferred outflows of resources of \$781,480 and \$937,444 at June 30, 2018 and 2017, respectively, and total deferred inflows of resources of \$415,442 and \$27,224 at June 30, 2018 and 2017, respectively.

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

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

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

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

- **Net Investment in Capital Assets** – This represents the Center's position in property, plant, and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Unrestricted Net Position** – Unrestricted net position includes resources derived primarily from operating funds provided by the University, which are designated for use by the Center, and from third parties whose only restriction over the use of resources provided is for the benefit of the Center as determined by management. Also included in this category are Board-designated endowment investments held by the University.

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

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

- **Operating Revenue** – Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include sales, services, and certain grants, which require that the Center provide goods or services to the grantor of equal value to the grant dollars received. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the University).
- **Nonoperating Revenue** – Nonoperating revenue includes revenue from activities that have characteristics of nonexchange transactions such as private gifts and certain grants, which do not require the Center to provide goods or services to the grantor of equal value to the grant dollars received.

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

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

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

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



# WOUB Center for Public Media

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## Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

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

### **Newly Adopted Accounting Pronouncement**

**Reporting for Postemployment Benefits Other Than Pensions** – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard require the University to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS and STRS Ohio plans. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, the Center has reported a change in accounting principle adjustment to unrestricted net position of \$948,709 which is the net of the net OPEB liability and related deferred outflows of resources as of July 1, 2017. June 30, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended June 30, 2017.

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

### Note 2 - Capital Assets

Capital assets reported by the Center are assets of the State of Ohio, with the University having custodial responsibility. The building values have been prorated based upon the Center's percentage usage of the net assignable square footage, applied to the actual cost plus improvements of the buildings. Equipment represents items listed on the University's general ledger as equipment for the Center with a unit value of at least \$5,000 and an estimated useful life of one year or more. Transfers represent fully depreciated machinery and equipment no longer in use being transferred back to the University as surplus which may be sold in the future.

The following tables present the changes in the various capital asset categories for the years ended June 30, 2018 and 2017:

	Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 69,235	\$ -	\$ -	\$ -	\$ 69,235
Construction in progress	<u>1,727</u>	<u>842,219</u>	<u>-</u>	<u>(1,727)</u>	<u>842,219</u>
Total capital assets not being depreciated	70,962	842,219	-	(1,727)	911,454
Capital assets being depreciated:					
Infrastructure	5,861,312	-	-	-	5,861,312
Buildings	3,046,488	7,573	-	-	3,054,061
Machinery and equipment	<u>8,980,503</u>	<u>140,621</u>	<u>(549,646)</u>	<u>(98,951)</u>	<u>8,472,527</u>
Total capital assets being depreciated	<u>17,888,303</u>	<u>148,194</u>	<u>(549,646)</u>	<u>(98,951)</u>	<u>17,387,900</u>
Total capital assets	17,959,265	990,413	(549,646)	(100,678)	18,299,354
Less accumulated depreciation:					
Infrastructure	4,837,345	197,401	-	-	5,034,746
Buildings	2,510,688	45,755	-	-	2,556,443
Machinery and equipment	<u>7,812,448</u>	<u>171,660</u>	<u>(549,646)</u>	<u>(98,951)</u>	<u>7,335,511</u>
Total accumulated depreciation	<u>15,160,481</u>	<u>414,816</u>	<u>(549,646)</u>	<u>(98,951)</u>	<u>14,926,700</u>
Total capital assets being depreciated - Net	<u>2,727,822</u>	<u>(266,622)</u>	<u>-</u>	<u>-</u>	<u>2,461,200</u>
Capital assets - Net	<u>\$ 2,798,784</u>	<u>\$ 575,597</u>	<u>\$ -</u>	<u>\$ (1,727)</u>	<u>\$ 3,372,654</u>

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

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

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

### Note 3 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 659,472	\$ 67,564
Accrued payroll	33,558	36,223
Accrued compensated absences - Current portion	<u>20,995</u>	<u>22,696</u>
Total	<u>\$ 714,025</u>	<u>\$ 126,483</u>

### Note 4 - Accrued Compensated Absences

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

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

The estimated liability for accrued vacation and compensatory time at June 30, 2018 and 2017 was \$148,964 and \$176,608, respectively.

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

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

The estimated liability for accrued sick leave at June 30, 2018 and 2017 was \$36,202 and \$39,560, respectively.

Compensated absences at June 30, 2018 and 2017 are summarized as follows:

	Beginning Balance	Reductions	Ending Balance	Current Portion
For the year ended:				
June 30, 2018	\$ 216,168	\$ (31,002)	\$ 185,166	\$ 20,995
June 30, 2017	237,891	(21,723)	216,168	22,696

### Note 5 - Loan Payable - Related Party

The University entered into an agreement with the Center to provide an internal loan in the amount of \$951,162 as a match for a 2003 Public Telecommunications Facilities Program (PTFP) grant from the U.S. Department of Commerce. The purpose of the grant was to assist with construction and installation of a tower to support a new broadband antenna at WOUC in Cambridge, Ohio. The bid for the tower project came in at less than the estimate, thereby reducing the match that was needed. Of the original loan amount of \$951,162, only \$185,958 was needed for the tower project. In early calendar year 2004, the Center requested that \$250,042 of the unused loan funds be applied to the new digital master control project, another phase of the digital conversion. In July 2004, additional loan funds of \$159,200 were requested and the borrowing limit was increased to \$595,200. The internal loan carries an interest rate of 5.5 percent payable over 20 years at the rate of \$4,094 per month. Interest-only payments occurred until July 30, 2006, at which time principal payments began. The loan was fully repaid during 2018 from the proceeds of the FCC WOUC Spectrum Auction.

The loan payable at June 30, 2018 and 2017 is shown as follows:

	Beginning Balance	Borrowed	Retired	Ending Balance	Current
For the year ended:					
June 30, 2018	\$ 348,156	\$ -	\$ (348,156)	\$ -	\$ -
June 30, 2017	377,264	-	(29,108)	348,156	30,751

# WOUB Center for Public Media

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## Notes to Financial Statements (Continued) June 30, 2018 and 2017

### Note 6 - In-kind Support

The operations of WOUB Center for Public Media are supported in part by the general revenue of the University. The University provides for the general operating costs of WOUB operations. The University's direct support amounted to \$2,598,114 and \$2,480,951 for the years ended June 30, 2018 and 2017, respectively. In addition, the University provided \$650,190 and \$722,936 in indirect administrative support during fiscal years 2018 and 2017, respectively. The indirect administrative support revenue was calculated using the "basic method" rate of 1.07 percent and 1.11 percent for the fiscal years ended 2018 and 2017, respectively.

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

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

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for the purpose of acquiring new equipment or upgrading existing or building new facilities, regardless of source or form of the contribution, are not included in calculating the 2018 or 2017 NFFS. This change excludes all revenue received for any capital purchases.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for WOUB was \$5,329,820 and \$5,466,233 for fiscal years 2018 and 2017, respectively.

#### **Note 8 - Retirement Plans**

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

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

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS and who instead elect the ARP, 4.47 percent of the employer contribution goes to the STRS retirement system and 2.44 percent of the employer contribution goes to the OPERS systems at June 30, 2018. 4.5 percent of the employer contributions goes to the STRS retirement system and 0.77 percent of the

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

employer contribution goes to the OPERS systems at June 30, 2018 and 2017. The Center's contributions each year are equal to its required contributions.

Member contributions, set at the maximums authorized by the ORC, are 10 percent of gross wages for OPERS state employees and 13 percent of gross wages for OPERS law enforcement at June 30, 2018 and 2017. Member contributions, set at the maximums authorized by the ORC, are 14 percent of gross wages for STRS at June 30, 2018 and 2017.

The plans' 2018 contribution rates on covered payroll to each system are as follows:

	Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefit	Total
STRS - Faculty	14.00%	0.00%	0.00%	14.00%
OPERS - State Employees	13.00%	1.00%	0.00%	14.00%
OPERS - Law Enforcement	17.10%	1.00%	0.00%	18.10%

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

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



## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

Plan	Employer Contributions - for the years ended June 30			
	2018		2017	
	Pension	OPEB	Pension	OPEB
STRS	\$ 19,328	\$ -	\$ 20,894	\$ -
OPERS	202,517	7,000	184,571	21,590
ARP	64,549	-	79,955	-
	<u>\$ 286,394</u>	<u>\$ 7,000</u>	<u>\$ 285,420</u>	<u>\$ 21,590</u>

The payroll for employees covered by OPERS and STRS for the year ended June 30, 2018 was \$1,399,918 and \$136,861, respectively. The payroll for employees covered by OPERS and STRS for the year ended June 30, 2017 was \$1,439,341 and \$149,246, respectively. Contributions made to OPEB were \$7,000, \$21,590 and \$30,494 for the years ended June 30, 2018, 2017 and 2016, respectively.

#### Benefits Provided

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

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

A defined benefit plan or combined plan member with five or more years of credited service who is determined to be disabled (illness or injury preventing the individual's ability to perform regular job duties for at least 12 months) may receive a disability benefit. Additionally, eligible survivors of members who die before service retirement

# WOUB Center for Public Media

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## Notes to Financial Statements (Continued) June 30, 2018 and 2017

may qualify for monthly benefits. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits.

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

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

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

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

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

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

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information for the pension and

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

postemployment healthcare plans. Interested parties may obtain a copy of the STRS Ohio report by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free 888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org). The OPERS report may be obtained by making a written request to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Net Pension Liability, Deferrals, and Pension Expense** – At June 30, 2018 and 2017, the Center reported a liability for its allocated share of the University’s net pension liability of both STRS and OPERS. At June 30, 2018, the net pension liability was measured as of June 30, 2017 for the STRS plan and December 31, 2017 for the OPERS plan. At June 30, 2017, the net pension liability was measured as of June 30, 2016 for the STRS plan and December 31, 2016 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

At June 30, 2018 and 2017, the University’s proportion for OPERS was 0.88 percent and 0.89 percent, respectively. At June 30, 2018 and 2017, the University’s proportion for STRS was 1.00 percent and 1.02 percent, respectively. The amount the University allocated to the Center is based on total retirement contributions for the Center’s employees as a percentage of the total retirement contributions for the University. At June 30, 2018 and 2017, the Center’s allocation of the University’s proportion was 0.67 percent and 0.68 percent, respectively.

For the years ended June 30, 2018 and 2017, the Center’s proportionate shares of the net pension liability are as follows:

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change
		2018	2017	2018	2017	
STRS	June 30	\$ 213,992	\$ 341,992	0.0009%	0.0010%	0.000%
OPERS	December 31	2,319,669	3,374,373	0.0149%	0.0149%	0.000%
		<u>\$ 2,533,661</u>	<u>\$ 3,716,365</u>			

For the years ended June 30, 2018 and 2017, the Center recognized pension expense of (\$362,976) and \$1,092,471 respectively.

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

At June 30, 2018 and 2017, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2018</u>	<u>2017</u>
Deferred outflows of resources:		
Differences between expected and actual experience	\$ 63,190	\$ 96,049
Changes in assumptions	463,165	221,966
Net difference between projected and actual earnings on pension plan investments	-	401,300
Changes in proportion and differences between the Center's contributions and proportionate share of contributions	33,228	53,432
Center's contributions subsequent to the measurement date	<u>159,871</u>	<u>164,697</u>
Total	<u>\$ 719,454</u>	<u>\$ 937,444</u>
	<u>2018</u>	<u>2017</u>
Deferred inflows of resources:		
Differences between expected and actual experience	\$ 33,130	\$ 9,586
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	254,813	-
Changes in proportion and differences between the Center's contributions and proportionate share of contributions	<u>47,625</u>	<u>17,638</u>
Total	<u>\$ 335,568</u>	<u>\$ 27,224</u>

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

Years Ending June 30	Amount
2019	\$ 148,268
2020	119,903
2021	17,642
2022	(61,405)
2023	(143)
Thereafter	<u>(250)</u>
	<u>\$ 224,015</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

**Net OPEB Liability, Deferrals, and OPEB Expense** – At June 30, 2018, the Center reported a liability for its allocated share of the University’s net OPEB liability of both STRS and OPERS. The net OPEB liability was measured as of June 30, 2017 for the STRS plan and December 31, 2016 for the OPERS plan. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

At June 30, 2018, the University’s proportion for OPERS and STRS was 0.87 percent and 1.00 percent, respectively. The amount the University allocated to the Center is based on total retirement contributions for the Center’s employees as a percentage of the total retirement contributions for the University. At June 30, 2018, the Center’s allocation of the University’s proportion was 0.67 percent.

For the year ended June 30, 2018, the Center’s proportionate share of the net OPEB liability is as follows:

Plan	Measurement Date	Net OPEB Liability 2018	Proportionate Share 2018
STRS	June 30	\$ 75,984	0.0019%
OPERS	December 31	<u>823,670</u>	0.0076%
		<u>\$ 899,654</u>	

For the year ended June 30, 2018, the Center recognized OPEB expense of (\$31,206).

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

At June 30, 2018, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,702	
Changes in assumptions	46,324	21,220
Net difference between projected and actual earnings on pension plan investments	-	58,654
Changes in proportion and differences between the Center's contributions and proportionate share of contributions	-	-
Center's contributions subsequent to the measurement date	-	-
Total	<u>\$ 62,026</u>	<u>\$ 79,874</u>

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

Years Ending June 30	Amount
2019	\$ 6,719
2020	6,719
2021	(13,615)
2022	(15,667)
2023	(1,002)
Thereafter	<u>(1,002)</u>
	<u>\$ (17,848)</u>

In addition, the contributions subsequent to the measurement date (if any) will be included as a reduction of the net OPEB liability in the next year (2019).

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

**Actuarial Assumptions** – The total pension liability and OPEB liability in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2018:

	STRS	OPERS
Valuation date - Pension	July 1, 2017	December 31, 2017
Valuation date - OPEB	June 30, 2017	December 31, 2016
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	None	3.0 percent
Salary increases, including inflation	2.50 percent - 12.50 percent	3.25 percent - 10.75 percent
Inflation	2.50 percent	3.25 percent
Investments rate of return - Pension	7.45 percent, net of pension plan investment expense	7.50 percent, net of pension plan investment expense
Investments rate of return - OPEB	7.45 percent, net of pension plan investment expense	6.50 percent, net of pension plan investment expense
Health care cost trend rates	6.0 percent - 11.0 percent initial, 4.5 percent ultimate	7.5 percent initial, 3.25 percent ultimate in 2028
Experience study date	Period of 5 years ended June 30, 2016	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Annuitant/Disabled/Employee mortality table (Projection mortality improvement scale MP-2016)	RP-2014 Employees/Healthy Annuitant/Disabled mortality table (MP-2015 mortality improvement scale)

The following actuarial assumptions, applied to all periods included in the measurement as of June 30, 2017, were as follows:

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

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

**Discount Rate** – The discount rates used to measure the total pension liabilities at June 30, 2018 were 7.45 percent for STRS and 7.50 percent for OPERS. The discount rates used to measure the total pension liabilities at June 30, 2017 were 7.75 percent for STRS and 7.50 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rates used to measure the total OPEB liabilities at June 30, 2018 were 4.13 percent for STRS and 3.85 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan’s fiduciary net position was projected to become insufficient to make all projected future benefit payments for current active and inactive employees for STRS and OPERS. Therefore, a blended rate was used, which consisted of the long-term expected rate of return on OPEB plan investments for the funded benefit payments and a 20-year municipal bond rate applied to the unfunded benefit payment period to determine the total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

STRS - as of 7/1/17			OPERS - as of 12/31/17				
Investment Category	Target	Long-term	Investment Category	Defined Benefit Portfolio		Health Care Portfolio	
	Allocation	Expected Real Rate of Return		Target	Expected Real Rate of Return	Target	Long-term Expected Real Rate of Return
Domestic Equity	28.00%	5.10%	Domestic Equities	19.00%	6.37%	21.00%	6.37%
International Equity	23.00%	5.30%	International Equities	20.00%	7.88%	22.00%	7.88%
Alternatives	17.00%	4.84%	Private Equity	10.00%	8.97%	-	-
Fixed Income	21.00%	0.75%	Fixed Income	23.00%	2.20%	34.00%	1.88%
Real Estate	10.00%	3.75%	Real Estate	10.00%	5.26%	-	-
Liquidity Reserves	1.00%	-	REITs	-	-	6.00%	5.91%
			Other Investments	18.00%	5.26%	17.00%	5.39%
	<u>100.00%</u>			<u>100.00%</u>		<u>100.00%</u>	

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

# WOUB Center for Public Media

## Notes to Financial Statements (Continued) June 30, 2018 and 2017

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

2018						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	6.45%	\$ 306,750	7.45%	\$ 213,992	8.45%	\$ 135,857
OPERS	6.50%	<u>4,144,792</u>	7.50%	<u>2,319,669</u>	8.50%	<u>799,359</u>
		<u>\$ 4,451,542</u>		<u>\$ 2,533,661</u>		<u>\$ 935,216</u>

  

2017						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	6.75%	\$ 454,480	7.75%	\$ 341,992	8.75%	\$ 247,102
OPERS	6.50%	<u>5,168,615</u>	7.50%	<u>3,374,373</u>	8.50%	<u>1,879,781</u>
		<u>\$ 5,623,095</u>		<u>\$ 3,716,365</u>		<u>\$ 2,126,883</u>

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

2018						
Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	3.13%	\$ 102,008	4.13%	\$ 75,984	5.13%	\$ 55,417
OPERS	2.85%	<u>1,094,281</u>	3.85%	<u>823,670</u>	4.85%	<u>604,748</u>
		<u>\$ 1,196,289</u>		<u>\$ 899,654</u>		<u>\$ 660,165</u>

## WOUB Center for Public Media

### Notes to Financial Statements (Continued) June 30, 2018 and 2017

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** – The following presents the net OPEB liability of the Center, calculated using the health care cost trend rate listed below, as well as what the Center’s net OPEB liability would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

Plan	2018		
	1% Decrease	Current Discount Rate	1% Increase
STRS	\$ 52,791	\$ 75,984	\$ 106,510
OPERS	788,077	823,670	860,437
	<u>\$ 840,868</u>	<u>\$ 899,654</u>	<u>\$ 966,947</u>

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

**Payable to the Pension Plan and OPEB Plan** – At June 30, 2018, the Center reported a payable of \$9,743 and \$-0- for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018. At June 30, 2017, the Center reported a payable of \$16,458 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**Changes in Assumptions** – During the current measurement period, the STRS Board adopted certain assumption changes which impacted the annual actuarial valuations prepared as of June 30, 2017. Among the changes include a reduction in the discount rate from 7.75 percent to 7.45 percent, inflation assumption was lowered from 2.75 percent to 2.50 percent, payroll growth assumption was lowered to 3.00 percent, total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.

**Changes Between Measurement Date and Report Date** – Effective July 1, 2017, the cost of living adjustment for STRS Ohio was reduced to zero.

**Defined Contribution Plans** – The ARP is a defined contribution pension plan, under IRS Section 401(a), and established by Ohio Amended Substitute House Bill 586 (ORC 3305.02) on March 31, 1998, for public institutions of higher education. Ohio University’s board of trustees adopted the University’s plan on April 18, 1998. Full-time

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

employees are eligible to choose a provider, in lieu of STRS Ohio or OPERS, from the list of seven providers currently approved by the Ohio Department of Insurance and who hold agreements with the University. Employee and employer contributions equal to those required by STRS Ohio and OPERS are required for the ARP, less any amounts required to be remitted to the state retirement system in which the employee would otherwise have been enrolled.

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

The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.47 percent for STRS Ohio and 2.44 percent for OPERS for the year ended June 30, 2018, and 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2017. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

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

STRS and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. Contributions made to defined contribution plans were \$64,549 and \$79,955 for the years ended June 30, 2018 and 2017, respectively.

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

## WOUB Center for Public Media

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### Notes to Financial Statements (Continued) June 30, 2018 and 2017

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 1.0 percent during calendar year 2017.

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

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

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. Effective July 1, 2014, the Board discontinued allocating 1 percent of employer contributions to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.5 billion as of January 1, 2017, the date of the most recent information available from STRS.

For the fiscal year ended June 30, 2017, the date of the most recent information available from STRS, net healthcare costs paid by STRS were \$566 million. There were 158,039 eligible benefit recipients.

## **Required Supplementary Information**

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# WOUB Center for Public Media

## Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions June 30, 2018

### STRS

#### Schedule of the Center's Proportionate Share of the Net Pension Liability - STRS

	2018	2017	2016	2015
Center's proportion of the collective STRS net pension liability:				
As a percentage	0.0009008%	0.0010217%	0.0014680%	0.0014085%
Amount	\$ 213,992	\$ 341,992	\$ 405,712	\$ 342,596
Center's covered payroll	\$ 149,246	\$ 152,636	\$ 143,457	\$ 135,514
Center's proportionate share of the collective pension liability (amount), as a percentage of the Center's covered payroll	143.38%	224.06%	282.81%	252.81%
Plan fiduciary net position as a percentage of the total pension liability	75.29%	66.78%	72.09%	74.71%

#### Schedule of the Center's Pension Contributions - STRS

	2018	2017	2016	2015
Statutorily required contribution	\$ 19,328	\$ 20,894	\$ 21,443	\$ 20,084
Contributions in relation to the actuarially determined contractually required contribution	\$ 19,328	\$ 20,894	\$ 21,443	\$ 20,084
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 136,861	\$ 149,246	\$ 152,636	\$ 143,457
Contributions as a percentage of covered payroll	14.12%	14.00%	14.05%	14.00%

# WOUB Center for Public Media

## Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions (Continued) June 30, 2018

### OPERS

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

	2018	2017	2016	2015
Center's proportion of the collective OPERS net pension liability:				
As a percentage	0.014919%	0.014896%	0.011937%	0.012024%
Amount	\$ 2,319,669	\$ 3,374,373	\$ 2,061,785	\$ 1,450,229
Center's covered payroll	\$ 1,419,629	\$ 1,482,026	\$ 1,498,672	\$ 1,497,282
Center's proportionate share of the collective pension liability (amount), as a percentage of the Center's covered payroll	163.40%	227.69%	137.57%	96.86%
Plan fiduciary net position as a percentage of the total pension liability	84.85%	77.39%	81.19%	86.53%

### Schedule of the Center's Pension Contributions - OPERS

	2018	2017	2016	2015
Statutorily required contribution	\$ 202,517	\$ 184,571	\$ 218,059	\$ 206,137
Contributions in relation to the actuarially determined contractually required contribution	\$ 202,517	\$ 184,571	\$ 218,059	\$ 206,137
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	1,399,918	1,439,341	1,524,712	1,472,633
Contributions as a percentage of covered payroll	14.47%	12.82%	14.30%	14.00%

### Notes to Required Supplementary Information – Pension Plans June 30, 2018 and 2017

*Schedule of the Center's Pension Contributions – OPERS.* The OPERS pension contribution is presented net of OPEB allocation starting in 2017. 2017 OPEB allocation was higher compared to 2018 consequently, the OPERS net pension contribution was lower in 2017. 2016 and 2015 OPERS contribution numbers were not adjusted to exclude OPEB allocation.

*Changes in benefit terms* – There were no changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2017 and December 31, 2017, respectively.



## WOUB Center for Public Media

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### Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions (Continued) June 30, 2018

*Changes in assumptions:*

STRS: During the plan year ended June 30, 2017, there were changes to several assumptions for STRS. The cost-of-living adjustment dropped from 2.00 percent to 0.00 percent. The wage inflation dropped from 2.75 percent to 2.50 percent. The investment rate of return decreased from 7.75 percent to 7.45 percent. The mortality tables used changed from RP-2000 to RP-2014.

OPERS: During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

## WOUB Center for Public Media

### Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions (Continued) June 30, 2018

#### STRS

#### Schedule of the Center's Proportionate Share of the Net OPEB Liability - STRS

	2018
Center's proportion of the collective STRS net OPEB liability:	
Percentage	0.002%
Amount	\$ 75,984
Center's covered payroll	\$ 149,246
Center's proportionate share of the collective OPEB liability, as a percentage of the Center's covered payroll	50.91%
Plan fiduciary net position as a percentage of the total OPEB liability	47.11%

#### Schedule of the Center's OPEB Contributions - STRS

	2018
Statutorily required contribution	\$ -
Contributions in relation to the actuarially determined contractually required contribution	\$ -
Contribution deficiency (excess)	\$ -
Covered payroll	\$ 136,861
Contributions as a percentage of covered payroll	0.00%

# WOUB Center for Public Media

## Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions (Continued) June 30, 2018

### OPERS

Schedule of the Center's Proportionate Share of the Net OPEB Liability - OPERS

	2018
Center's proportion of the collective OPERS net OPEB liability:	
Percentage	0.008%
Amount	\$ 823,670
Center's covered payroll	\$ 1,419,629
Center's proportionate share of the collective OPEB liability, as a percentage of the Center's covered payroll	58.02%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%

Schedule of the Center's OPEB Contributions - OPERS

	2018
Statutorily required contribution	\$ 7,000
Contributions in relation to the actuarially determined contractually required contribution	\$ 7,000
Contribution deficiency (excess)	\$ -
Covered payroll	1,399,918
Contributions as a percentage of covered payroll	0.50%

## **WOUB Center for Public Media**

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### **Schedule of the Center's Proportionate Share of the Net Pension and Net OPEB Liability, and Schedule of Center Contributions (Continued) June 30, 2018**

#### **Notes to Required Supplementary Information – OPEB June 30, 2018**

*Changes in benefit terms.* There were no changes in benefit terms affecting the STRS Ohio and OPERS plans for the plan years ended June 30, 2017 and December 31, 2017, respectively.

*Changes in assumptions.* There were no changes in assumptions affecting the STRS and OPERS plans for the plan years ended June 30, 2017 and December 31, 2017, respectively.

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

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WOUB Center for Public Media (the "Center"), a public media entity (a department of Ohio University), which comprise the statements of net position as of June 30, 2018 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 17, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Plante & Moreau, PLLC*

December 17, 2018

# OHIO AUDITOR OF STATE KEITH FABER



**WOUB CENTER FOR PUBLIC MEDIA**

**ATHENS COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 24, 2019**