

# **WOSU Public Media**

A Public Telecommunications Entity Operated by The Ohio State University

## **Financial Statements**

**As of and for the Years Ended June 30, 2019 and 2018  
and Report of Independent Auditors**

## Table of Contents

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	<b>Page(s)</b>
Report of Independent Auditors .....	1–3
Management’s Discussion and Analysis (unaudited) .....	4–9
Financial Statements	
Statements of Net Position.....	10
Statements of Revenues, Expenses and Changes in Net Position .....	11
Statements of Cash Flows .....	12
Notes to the Financial Statements .....	13–31
Required Supplementary Information on GASB 68 Pension Liabilities .....	32
Required Supplementary Information on GASB 75 OPEB Liabilities .....	33
Supplemental Schedule of Revenues and Expenses by Telecommunication Operations .....	34
Note to Supplemental Schedule.....	35
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	36–37



## **Report of Independent Auditors**

To the Board of Trustees of  
The Ohio State University

We have audited the accompanying financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), appearing on pages 10 to 31, which comprise the statements of net position as of June 30, 2019 and June 30, 2018, and the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise WOSU’s basic financial statements.

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

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

### ***Auditors’ Responsibility***

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

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



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU as of June 30, 2019 and June 30, 2018, and the changes in 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 Matter***

As discussed in Note 1, the financial statements of WOSU are intended to present the net financial position, the changes in net financial position and, where applicable, cash flows of only that portion of The Ohio State University that is attributable to the transactions of WOSU. They do not purport to, and do not, present fairly the net financial position of The Ohio State University as of June 30, 2019 and 2018, the changes in its net financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matter***

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

The accompanying management discussion and analysis on pages 4 through 9 and the Required Supplementary Information on GASB 68 Pension Liabilities on page 32 and Required Supplementary Information on GASB 75 Net OPEB Liabilities on page 33 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise WOSU's basic financial statements. The accompanying Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2019 on pages 34 and 35 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and



relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2019 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2019 on our consideration of WOSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2019. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the WOSU's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

December 12, 2019

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2019 and 2018

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The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WOSU Public Media for the year ended June 30, 2019, with comparative information for the years ended June 30, 2018 and June 30, 2017. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### About WOSU Public Media

As one of the pioneering radio stations in the country, WOSU has been enriching lives with noncommercial programming since 1922. WOSU Public Media, with broadcast licenses held by The Ohio State University Board of Trustees, continues to engage, inform, and inspire the diverse communities of central Ohio.

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

WOSU Classroom is known for its work with preschool caregivers and providing extensive technology professional development support for teachers across central Ohio. Through foundation and state funding, WOSU Classroom focuses on teacher and student engagement and video productions that target issues such as the social, emotional development of young children. A national American Graduate grant from the Corporation for Public Broadcasting led WOSU to focus media on the disconnect between the thousands of quality open jobs in the region and the number of youth out of school and not working. The *Rivet* podcast series invites young adults to step off the conventional career path and follow the next generation of workers as they find well-paying jobs.

A community board, Friends of WOSU, advises the organization, assisting with programming, advocacy and fundraising expertise. The most significant support for WOSU comes directly from the community it serves, with over 28,000 individual members. Nearly 70% of WOSU's funding is from private fundraising including membership, program support, grants, and earned revenue sources. The WOSU Productions unit provides earned revenue while assisting the production needs of the OSU campus and community nonprofits.

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

WOSU is currently located at the Ohio State Fawcett Conference Center and is under the purview of the Senior Vice President of Administration and Planning. WOSU broke ground on a new headquarters and studios in the 15<sup>th</sup> and High district bordering the Ohio State campus in April 2019. A \$12 million capital campaign is in motion to help fund the new facility, which will include a streetscape community studio, media makers learning lab, and new broadcast and podcast studios. WOSU expects to be operational in the new facility by April 2021.

# **WOSU Public Media**

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

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

**June 30, 2019 and 2018**

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### **About the Financial Statements**

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

### **Financial Highlights**

In fiscal year 2019, total net position for WOSU increased by \$3,062,158 to \$28,724,290 at June 30, 2019. Restricted expendable net position increased by \$765,965 primarily due to capital gifts to support capital requirements to build the new headquarters. Unrestricted net position increased by \$1,794,011 primarily due to increases in capital campaign gifts for the new building.

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2019 and 2018

Summary of Net Position			
	2019	2018	2017
Cash	\$ 17,938,343	\$ 16,381,802	\$ 4,946,319
Receivables and other current assets	1,484,673	2,057,860	10,759,503
Total current assets	<u>19,423,016</u>	<u>18,439,662</u>	<u>15,705,822</u>
Pledges receivables, net	1,210,957	274,142	248,519
Endowments in OSU long-term investment pool	6,471,360	6,698,827	5,484,523
Prepaid rent and deposits	3,251,253	-	-
Capital assets, net of depreciation	8,881,324	9,003,609	9,105,236
Total noncurrent assets	<u>19,814,894</u>	<u>15,976,578</u>	<u>14,838,278</u>
Total assets	<u>39,237,910</u>	<u>34,416,240</u>	<u>30,544,100</u>
Deferred outflows	1,960,885	826,416	1,819,115
<b>Total assets and deferred outflows</b>	<u>\$ 41,198,795</u>	<u>\$ 35,242,656</u>	<u>\$ 32,363,215</u>
Accounts payable and accrued expenses	\$ 651,035	\$ 210,615	\$ 140,702
Unearned revenue	640,796	480,935	522,083
Current portion of debt	158,824	158,824	158,824
Total current liabilities	<u>1,450,655</u>	<u>850,374</u>	<u>821,609</u>
Noncurrent portion of debt	1,013,391	1,115,671	1,217,951
Unearned revenue	147,327	308,000	582,020
Net pension liability	6,280,716	3,406,649	5,092,947
Net OPEB liability	3,077,939	2,450,537	-
Other noncurrent liabilities	398,983	413,595	403,806
Total noncurrent liabilities	<u>10,918,356</u>	<u>7,694,452</u>	<u>7,296,724</u>
Total liabilities	<u>12,369,011</u>	<u>8,544,826</u>	<u>8,118,333</u>
Deferred inflows	105,494	1,035,698	40,511
Net investment in capital assets	8,243,234	7,729,114	7,728,461
Restricted:			
Nonexpendable	1,950,551	1,962,489	1,923,379
Expendable	10,842,060	10,076,095	7,048,086
Unrestricted	7,688,445	5,894,434	7,504,445
Total net position	<u>28,724,290</u>	<u>25,662,132</u>	<u>24,204,371</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 41,198,795</u>	<u>\$ 35,242,656</u>	<u>\$ 32,363,215</u>

During the year ended June 30, 2019, **cash** increased \$1,556,541, to \$17,938,343, primarily due to growth in major planned giving and university subsidies. The statement of cash flows, which is discussed in more detail below, provides additional information on sources and uses of WOSU cash. **Endowments** in the university's Long-Term Investment Pool decreased by \$227,467 to \$6,471,360 at June 30, 2019, reflecting decreases in fair value. The Long-Term Investment Pool is invested in a diversified portfolio of equities, fixed income, hedge funds and private equity that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission. **Noncurrent pledge receivables** increased \$936,815 from the capital campaign to help fund the new facility. **Prepaid rent and deposits** increased \$3,251,253 for rent paid and accrued to Campus Partners for construction in progress on the new WOSU building and deposits on tower improvements



# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2019 and 2018

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**Total liabilities** of WOSU increased by \$3,824,184 to \$12,369,011 at June 30, 2019, primarily due to an increase in net pension liability of \$2,874,067 and OPEB liability of \$627,402.

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

WOSU's share of these **net pension liabilities** was \$6,280,716 and \$3,406,649 at June 30, 2019 and 2018, respectively. The increase in net pension liability in 2019 is primarily due to negative investment returns for OPERS and reductions in OPERS long-term assumed rate of return on pension plan investments.

Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows at June 30, 2019 and 2018 totaled \$1,710,769 and \$646,082, respectively. Pension-related deferred inflows at June 30, 2019 and 2018 totaled \$96,705 and \$853,149, respectively. WOSU recognized total pension expense of \$1,654,132 in 2019. Total pension expense includes \$601,195 of employer contributions and \$1,052,937 in GASB 68 accruals.

WOSU's share of the **net OPEB liabilities** was \$3,077,939 at June 30, 2019. OPEB-related deferred outflows at June 30, 2019 totaled \$250,116. OPEB-related deferred inflows at June 30, 2019 totaled \$8,789. WOSU recognized total OPEB expense of \$383,860 in 2019. Total OPEB expense includes \$0 of employer contributions and \$383,860 in GASB 75 accruals.

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

Total **net position** increased by \$3,062,158 to \$28,724,290 at June 30, 2019 primarily due to growth in major planned giving from the capital campaign during fiscal year 2019. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WOSU expenses. Operating revenues, however, *exclude* certain significant revenue streams that WOSU relies upon to fund current operations, including direct support from the university and investment income.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2019 and 2018

<b>Summary of Revenues, Expenses and Other Changes in Net Position</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Operating revenues:</b>			
Contributed services	\$ 689,694	\$ 760,128	\$ 996,132
Sales and services	2,038,434	2,436,843	2,017,671
Grants and contracts	3,099,072	3,237,826	3,227,998
Member contributions	4,296,048	4,368,550	4,085,845
Other revenues	5,732	13,095	21,796
Total operating revenues	<u>10,128,980</u>	<u>10,816,442</u>	<u>10,349,442</u>
<b>Operating expenses:</b>			
Programming and production	6,801,691	6,128,596	6,153,755
Broadcasting	2,460,907	2,292,945	2,622,284
Program information	405,936	343,569	397,116
Management and general	2,138,923	1,912,355	2,242,065
Underwriting	585,759	530,154	500,818
Fundraising	1,438,385	1,286,231	1,391,952
Depreciation	148,369	157,219	335,535
Total operating expenses	<u>13,979,970</u>	<u>12,651,069</u>	<u>13,643,525</u>
Net operating loss	<u>(3,850,990)</u>	<u>(1,834,627)</u>	<u>(3,294,083)</u>
<b>Non-operating revenues (expenses)</b>			
Operating subsidies from University	2,019,424	1,727,110	1,457,607
Donated facilities and support	938,556	954,867	1,129,313
Net investment income	129,825	483,257	663,416
Interest expense	(56,544)	(56,544)	(58,894)
Capital gifts and grants	3,865,764	2,234,251	1,678,664
Additions to endowment	360	34,102	6,292
FCC Repack	101,433	34,000	8,835,859
Total non-operating revenues	<u>6,998,818</u>	<u>5,411,043</u>	<u>13,712,257</u>
Net equity transfers from / (to) the University	<u>(85,670)</u>	<u>314,330</u>	<u>(85,670)</u>
Change in net position	3,062,158	3,890,746	10,332,504
Net position - beginning of year	25,662,132	24,204,371	13,431,514
Cumulative effect of accounting change	-	(2,432,985)	-
Cumulative effect of ITSCO transfer	-	-	440,353
Net position - end of year	<u>\$ 28,724,290</u>	<u>\$ 25,662,132</u>	<u>\$ 24,204,371</u>

Total operating revenues decreased \$687,462, to \$10,128,980 in 2019, primarily due to decreases in state and local grants and contracts and business and industry sales and services. Operating expenses increased \$1,328,901 to \$13,979,970 in 2019, primarily due to increases in pension and OPEB expenses allocated to program and support services of \$1,436,797. Total non-operating revenues increased \$1,587,775 to \$6,998,818 in 2019, primarily due to increases in the capital campaign gifts and grants and operating subsidies from the university, offset by decrease in net investment income.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2019 and 2018

Summary of Cash Flows	2019	2018	2017
Cash provided by (used) in:			
Operating activities	\$ (1,312,086)	\$ (325,192)	\$ (598,935)
Noncapital financing activities	1,934,114	1,645,922	1,372,808
Capital and related financing activities	494,190	10,782,798	321,713
Investing activities	440,323	(668,045)	410,546
Net increase in cash	1,556,541	11,435,483	1,506,132
Cash, beginning of year	16,381,802	4,946,319	3,440,187
Cash, end of year	\$ 17,938,343	\$ 16,381,802	\$ 4,946,319

Total WOSU cash and cash equivalents increased \$1,556,541, to \$17,938,343 in 2019. Total cash from capital and related financing activities decreased by \$10,288,608 primarily due to receipt of FCC spectrum incentive auction proceeds in fiscal year 2018. Operating activities decreased \$986,894 primarily due to payments to employees and suppliers exceeding receipts from grants, members, and customers.

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

WOSU Public Media continues to target the growth of its annual membership, program support, major giving, planned giving, and grant revenues. A diverse mix of revenue streams is important in an environment of limited federal, state and university support. The FCC is reimbursing WOSU for expenses in the coming year related to the mandatory move of WOSU TV from channel 38 to channel 16. This is part of the FCC repacking of television stations to free up spectrum for other uses.

All the operations of WOSU will move to a newly built headquarters in 2021 within the 15<sup>th</sup> & High Street arts district. The capital requirements for that project will be a focus in the upcoming fiscal year through a coordinated campaign to raise \$12 million and by building internal funding for new equipment purchases. The greatest risk facing WOSU this coming year relates to the possibility of exceeding the budget of the new WOSU facility or falling short of the capital campaign goals to support the building. There is also the annual risk of a potential reduction in federal funding or another downturn in the economy. Corporation for Public Broadcasting grants have traditionally covered about 15 percent of the direct budget, including some of the costs of national and local programming. To build its brand and prepare to energize the new facility for public engagement, WOSU is creating a new strategic plan in 2019 to focus as many resources as possible on the creation of important, audience-centered content and experiences that inspire our diverse community.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Net Position

As of June 30, 2019 and 2018

<b>ASSETS AND DEFERRED OUTFLOWS:</b>	<b>2019</b>	<b>2018</b>
Current assets		
Cash	\$ 17,938,343	\$ 16,381,802
Receivables:		
Accounts receivable, net	69,587	50,210
Spectrum	-	2,250
Grants	122,482	-
Underwriting	237,556	261,471
Pledge receivables, net	<u>1,055,048</u>	<u>1,743,929</u>
Total receivables	<u>1,484,673</u>	<u>2,057,860</u>
Total current assets	19,423,016	18,439,662
Noncurrent assets		
Endowments in OSU long-term investment pool	6,471,360	6,698,827
Pledge receivables, net	1,210,957	274,142
Prepaid deposits for capital assets	534,124	-
Prepaid rent	2,717,129	-
Property and equipment, net	968,473	1,090,758
FCC license	<u>7,912,851</u>	<u>7,912,851</u>
Total noncurrent assets	<u>19,814,894</u>	<u>15,976,578</u>
<b>Total assets</b>	<b>39,237,910</b>	<b>34,416,240</b>
Deferred outflows		
Pension	1,710,769	646,082
Other post-employment benefits	<u>250,116</u>	<u>180,334</u>
<b>Total deferred outflows</b>	<u>1,960,885</u>	<u>826,416</u>
<b>Total assets and deferred outflows</b>	<b>\$ 41,198,795</b>	<b>\$ 35,242,656</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 148,058	\$ 204,318
Amount due to related party	468,989	-
Accrued compensated absence - current	33,988	6,297
Unearned revenue	640,796	480,935
Current portion - note payable	<u>158,824</u>	<u>158,824</u>
Total current liabilities	1,450,655	850,374
Noncurrent liabilities		
Note payable	1,013,391	1,115,671
Unearned revenue	147,327	308,000
Net pension liability	6,280,716	3,406,649
Net other post-employment benefits liability	3,077,939	2,450,537
Accrued compensated absence - noncurrent	<u>398,983</u>	<u>413,595</u>
Total noncurrent liabilities	<u>10,918,356</u>	<u>7,694,452</u>
<b>Total liabilities</b>	<b>12,369,011</b>	<b>8,544,826</b>
Deferred inflows		
Pension	96,705	853,149
Other post-employment benefits	<u>8,789</u>	<u>182,549</u>
<b>Total deferred inflows</b>	<u>105,494</u>	<u>1,035,698</u>
Net position		
Net investment in capital assets	8,243,234	7,729,114
Restricted		
Nonexpendable	1,950,551	1,962,489
Expendable	10,842,060	10,076,095
Unrestricted	<u>7,688,445</u>	<u>5,894,434</u>
<b>Total net position</b>	<u>28,724,290</u>	<u>25,662,132</u>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 41,198,795</b>	<b>\$ 35,242,656</b>

The accompanying notes are an integral part of these financial statements.

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Statements of Revenues, Expenses and Changes in Net Position As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Contributed services	\$ 689,694	\$ 760,128
Grants from the Corporation for Public Broadcasting	1,605,145	1,569,511
Member contributions	4,296,048	4,368,550
Public broadcasting service	32,343	30,585
Business and industry	1,261,060	1,513,727
Foundations/non-profit organizations	745,031	892,531
Fundraising	-	3,000
Federal grants	30,996	47,918
State and local grants and contracts	1,462,931	1,620,397
Royalties	45	4,019
Miscellaneous	5,687	6,076
Total operating revenues	<u>10,128,980</u>	<u>10,816,442</u>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	6,801,691	6,128,596
Broadcasting	2,460,907	2,292,945
Program information	405,936	343,569
Total program services	<u>9,668,534</u>	<u>8,765,110</u>
Supporting services:		
Management and general	2,138,923	1,912,355
Depreciation	148,369	157,219
Underwriting	585,759	530,154
Fundraising	1,438,385	1,286,231
Total supporting services	<u>4,311,436</u>	<u>3,885,959</u>
Total operating expenses	<u>13,979,970</u>	<u>12,651,069</u>
Net operating loss	<u>(3,850,990)</u>	<u>(1,834,627)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Operating subsidies from university	2,019,424	1,727,110
Donated facilities and support	938,556	954,867
Net investment income:		
Interest income	357,652	298,264
Interest income - FCC spectrum auction	83,031	34,000
Increase (decrease) in fair value of investments	(227,827)	184,993
Interest expense	(56,544)	(56,544)
Capital campaign gifts and grants	3,865,764	2,234,251
FCC repack	18,402	-
Additions to permanent endowments	360	34,102
Net non-operating revenues	<u>6,998,818</u>	<u>5,411,043</u>
<b>Net equity transfers from / (to) the University</b>	<u>(85,670)</u>	<u>314,330</u>
<b>Change in net position</b>	3,062,158	3,890,746
<b>Net position, beginning of year</b>		
Beginning of year, as previously reported	25,662,132	24,204,371
Cumulative effect of accounting change	-	(2,432,985)
Beginning of year, as restated	<u>25,662,132</u>	<u>21,771,386</u>
<b>Net position, end of year</b>	<u>\$ 28,724,290</u>	<u>\$ 25,662,132</u>

The accompanying notes are an integral part of these financial statements.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Cash Flows

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants from the Corporation for Public Broadcasting	\$ 1,512,643	\$ 1,569,511
Member contributions	4,341,974	4,532,251
Fees and services	1,997,359	2,248,226
Proceeds from fundraising	-	3,000
Federal, state and local grants and contracts	1,588,104	1,668,753
Royalties	45	4,019
Other revenues	5,687	6,076
Payments to employees	(5,940,138)	(5,675,375)
Payments to suppliers	(4,817,760)	(4,681,653)
Net cash used in operating activities	<u>(1,312,086)</u>	<u>(325,192)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Private endowment contributions	360	4,482
University subsidies	2,019,424	1,727,110
Equity transfers to university	(85,670)	(85,670)
Net cash provided by noncapital financing activities	<u>1,934,114</u>	<u>1,645,922</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital campaign gifts	3,461,361	1,764,884
Deposits paid for capital assets	(534,124)	-
Prepaid rent for capital assets	(2,248,139)	-
Principal paid on note payable	(158,824)	(158,824)
Purchase of capital assets	(26,084)	(55,592)
FCC spectrum incentive auction and repacking proceeds	-	8,832,330
Equity transfer from university for capital assets	-	400,000
Net cash provided by capital financing activities	<u>494,190</u>	<u>10,782,798</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases	(360)	(1,029,311)
Interest received	440,683	332,264
Transfers from university for endowments	-	29,002
Net cash (used in) provided by investing activities	<u>440,323</u>	<u>(668,045)</u>
Net change in cash	1,556,541	11,435,483
Cash at beginning of year	16,381,802	4,946,319
Cash at end of year	<u>\$ 17,938,343</u>	<u>\$ 16,381,802</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (3,850,990)	\$ (1,834,627)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Donated facilities and support	938,556	954,867
Depreciation expense	148,369	157,219
Changes in asset and liabilities:		
Receivables, net	(26,809)	143,653
Accounts payable	(56,261)	69,764
Unearned revenue	85,174	(145,148)
Compensated absences	13,079	9,938
Net pension liability	2,874,067	(1,686,298)
Net other post-employment benefits liability	627,402	17,552
Deferred outflows	(1,134,469)	992,701
Deferred inflows	(930,204)	995,187
Net cash used in operating activities	<u>\$ (1,312,086)</u>	<u>\$ (325,192)</u>
Non cash transactions:		
Amortization on note payable discount	56,532	56,532
Prepaid rent in amounts due to related party	468,989	-
Net (decrease) increase in fair value of investments	(227,827)	184,993

The accompanying notes are an integral part of these financial statements.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Entity

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

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

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

#### Basis of Presentation

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

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

#### Net Investment in Capital Assets

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

#### Restricted Nonexpendable

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

#### Restricted Expendable

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

#### Unrestricted

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

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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### **Basis of Accounting**

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

### **Cash**

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

### **Endowment Investments**

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

### **Capital Assets**

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

### **Revenue Recognition**

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

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

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



# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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### **In-Kind Contributions**

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

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

Donated facilities and administrative support are calculated and recorded as both revenue and expense based upon the university's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting ("CPB"), which was 9.97% for the fiscal years ending June 30, 2019 and 2018. Donated facilities and administrative support from the university consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the university on behalf of WOSU and are recorded as operating expenses. All support received from the university is recorded as non-operating revenues.

### **Management Estimates**

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

### **Newly Issued Accounting Pronouncements**

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

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets. The standard is effective for periods beginning after December 15, 2019 (FY2021) and will be applied on a prospective basis. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest* – an amendment of GASB Statements No. 14 and No. 61. This standard establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The standard is effective for periods beginning after December 15, 2018 (FY2020).

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard clarifies the definition of a conduit debt obligation, establishes the third-party obligor's responsibility for the

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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liability and modifies disclosure requirements for these arrangements. The standard is effective for periods beginning after December 15, 2020 (FY2022).

University management is currently assessing the impact that implementation of GASB Statements No. 84, 87, 89, 90 and 91 will have on the university's financial statements.

### **Other**

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

### **Implementation of GASB Statement No. 83**

In fiscal year 2019, WOSU implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. This standard establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The deferred outflow is recognized as expense over the life of the related asset. The determination of when the liability is incurred is based on the existence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Internal obligating events include the occurrence of contamination, placing into use a tangible capital asset that is required to be retired, abandoning a tangible capital asset before use begins, or acquiring a tangible capital asset that has an existing asset retirement obligation. There was no effect on the financial statements as a result of the implementation.

### **Implementation of GASB Statement No. 88**

In fiscal year 2019, WOSU implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard is intended to improve note disclosures related to debt, including direct borrowings and private placements. It defines debt, for disclosure purposes, as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) to settle an amount that is fixed at the date the contractual obligation is established. The standard requires additional disclosures related to unused lines of credit, assets pledged as collateral and significant provisions related to default, termination events and acceleration clauses. In addition, it requires that disclosures for direct borrowings and private placements be shown separately from other debt. There was no effect on the financial statements as a result of the implementation.

## **2. INVESTMENTS**

WOSU's endowment investments are maintained in the university's Long-Term Investment Pool, and as such, all endowment investments are held by the university. The pool consists of more than 6,603 Board authorized funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WOSU's mission.

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

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

## WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

### Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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The fair values of WOSU's investments held in the university's Long-Term Investment Pool were \$6,471,360 and \$6,698,827 at June 30, 2019 and 2018, respectively. The net change in the value of investments during 2019 and 2018 were unrealized losses of \$227,827 and unrealized gains of \$184,993, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2019 and 2018, there is cumulative net unrealized gain on investments of \$982,336 and \$1,210,163, respectively.

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

The following summarizes WOSU's investments held in the university's Long-Term Investment Pool as of June 30, 2019:

<b>Name of Fund</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>
Friends of WOSU	404.94	\$ 1,410,375	\$ 2,489,667
Prine Classical Music	1.36	5,550	8,373
AEP Foundation	4.60	25,000	28,265
Elam Family	11.29	69,700	69,440
Taylor Memorial	4.54	34,474	27,902
Battelle Digital Media	23.92	166,065	147,073
Reba Harvey	16.58	99,967	101,966
Klotz Public Media	3.99	25,587	24,512
Palius Public Media	4.23	27,369	26,002
Sipp Student Interns	7.97	56,336	49,024
Digital Media Center Outreach	10.69	70,468	65,706
WOSU Public Media	398.96	2,498,133	2,452,944
WOSU Student Experience Fund	159.47	1,000,000	980,486
		<u>\$ 5,489,024</u>	<u>\$ 6,471,360</u>

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

### 3. RECEIVABLES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, at June 30, 2019, WOSU has recorded \$2,266,005 in pledges receivable, of which \$485,596 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of \$64,560 at June 30, 2019. At June 30, 2018, WOSU has recorded \$2,018,071 in pledges receivable, of which \$1,386,832 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of \$20,629 at June 30, 2018.

### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
FCC License	\$ 7,912,851	\$ -	\$ -	\$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	-	-	999,912
Improvements	2,501,421	-	-	2,501,421
Equipment	8,839,906	26,084	213,547	8,652,443
Total	20,254,090	26,084	213,547	20,066,627
Less: Accumulated depreciation	11,250,481	148,369	213,547	11,185,303
Total capital assets, net	<u>\$ 9,003,609</u>	<u>\$ (122,285)</u>	<u>\$ -</u>	<u>\$ 8,881,324</u>

The depreciation expense is \$148,369 and \$157,219 for fiscal year 2019 and 2018, respectively.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

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

The following estimated useful lives are used to compute depreciation:

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

### 5. FCC LICENSE

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

WOSU evaluates the license for impairment on an annual basis in accordance with GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*. No impairment loss was recorded in fiscal years 2019 or 2018.

### 6. RETIREMENT PLANS

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

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

#### Defined Benefit Plans

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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In accordance with GASB Statement Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as pension expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2019 are as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 27,273,871,635
Proportion of the net pension liability - WOSU	0.023%
Proportionate share of net pension liability	\$ 6,280,716

The collective net OPEB liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2019 are as follows:

	<u>OPERS</u>
Net OPEB liability - all employers	\$ 13,037,639,421
Proportion of the net OPEB liability - WOSU	0.024%
Proportionate share of net OPEB liability	\$ 3,077,939

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

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

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

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

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2019:

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 3,001
Changes in assumptions	555,478
Net difference between projected and actual earnings on pension plan investments	887,204
Changes in proportion of university contributions	15,095
Employer contributions subsequent to the measurement date	249,991
<b>Total</b>	<b><u>\$ 1,710,769</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 96,605
Changes in proportion of university contributions	100
<b>Total</b>	<b><u>\$ 96,705</u></b>

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2019:

	<u>OPERS</u>
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 1,033
Changes in assumptions	95,256
Net difference between projected and actual earnings on OPEB plan investments	146,985
Changes in proportion of university contributions	6,842
<b>Total</b>	<b><u>\$ 250,116</u></b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ 8,369
Changes in assumptions	388
Net difference between projected and actual earnings on OPEB plan investments	32
<b>Total</b>	<b><u>\$ 8,789</u></b>

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

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

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

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

	<u>OPERS</u>
2020	822,270
2021	297,374
2022	93,483
2023	401,527
2024	(604)
2025 and Thereafter	14
<b>Total</b>	<b><u>\$ 1,614,064</u></b>



# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

	<u>OPERS</u>
2020	111,890
2021	33,302
2022	25,230
2023	71,026
2024	(62)
2025 and Thereafter	(59)
<b>Total</b>	<b><u>\$ 241,327</u></b>

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

	<b>OPERS</b>
<b>Statutory Authority</b>	Ohio Revised Code Chapter 145
<b>Benefit Formula</b>	<p><b>Pensions</b> -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p>

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

	<p><b>OPEB</b> – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers’ contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2018 CAFR.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016. In 2018, OPERS received the final distribution of funds from the Medicare Part D program for calendar year 2016 of \$378,007.</p>
<p><b>Cost-of-Living Adjustments (COLAs)</b></p>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member’s base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
<p><b>Contribution Rates</b></p>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2018, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).</p>
<p><b>Measurement Date</b></p>	<p>December 31, 2018 (OPEB is rolled forward from December 31, 2017 actuarial valuation date)</p>
<p><b>Actuarial Assumptions</b></p>	<p><b>Valuation Date:</b> December 31, 2018 for pensions; December 31, 2017 for OPEB  <b>Actuarial Cost Method:</b> Individual entry age  <b>Investment Rate of Return:</b> 7.2% for pensions; 6.0% for OPEB  <b>Inflation:</b> 3.25%  <b>Projected Salary Increases:</b> 3.25% - 10.75%  <b>Cost-of-Living Adjustments:</b> 3.00% Simple – for those retiring after January 7, 2013, 3.00% Simple through 2018, then 2.15% Simple.  <b>Health Care Cost Trends:</b> 10.0% initial; 3.25% ultimate</p>

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

<p><b>Mortality Rates</b></p>	<p>Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.</p>																																													
<p><b>Date of Last Experience Study</b></p>	<p>December 31, 2015</p>																																													
<p><b>Investment Return Assumptions</b></p>	<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2018 and the long-term expected real rates of return:</p> <table border="1" data-bbox="581 1184 1458 1398"> <thead> <tr> <th><b>Asset Class</b></th> <th><b>Target Allocation</b></th> <th><b>Long Term Expected Return*</b></th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>23.0%</td> <td>2.79%</td> </tr> <tr> <td>Domestic Equity</td> <td>19.0%</td> <td>6.21%</td> </tr> <tr> <td>Real Estate</td> <td>10.0%</td> <td>4.90%</td> </tr> <tr> <td>Private Equity</td> <td>10.0%</td> <td>10.81%</td> </tr> <tr> <td>International Equity</td> <td>20.0%</td> <td>7.83%</td> </tr> <tr> <td>Other Investments</td> <td>18.0%</td> <td>5.50%</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.0%</b></td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2018 and the long-term expected real rates of return:</p> <table border="1" data-bbox="581 1558 1458 1745"> <thead> <tr> <th><b>Asset Class</b></th> <th><b>Target Allocation</b></th> <th><b>Long Term Expected Return*</b></th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>34.0%</td> <td>2.42%</td> </tr> <tr> <td>Domestic Equities</td> <td>21.0%</td> <td>6.21%</td> </tr> <tr> <td>REITs</td> <td>6.0%</td> <td>5.98%</td> </tr> <tr> <td>International Equities</td> <td>22.0%</td> <td>7.83%</td> </tr> <tr> <td>Other Investments</td> <td>17.0%</td> <td>5.57%</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.0%</b></td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p>	<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>	Fixed Income	23.0%	2.79%	Domestic Equity	19.0%	6.21%	Real Estate	10.0%	4.90%	Private Equity	10.0%	10.81%	International Equity	20.0%	7.83%	Other Investments	18.0%	5.50%	<b>Total</b>	<b>100.0%</b>		<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Return*</b>	Fixed Income	34.0%	2.42%	Domestic Equities	21.0%	6.21%	REITs	6.0%	5.98%	International Equities	22.0%	7.83%	Other Investments	17.0%	5.57%	<b>Total</b>	<b>100.0%</b>	
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# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

<p><b>Discount Rate</b></p>	<p><b>Pensions</b> -- The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p><b>OPEB</b> – A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.</p>								
<p><b>Changes in Assumptions Since the Prior Measurement Date</b></p>	<p>There has been no changes in assumptions compared to prior year.</p>								
<p><b>Benefit Term Changes Since the Prior Measurement Date</b></p>	<p><b>Pensions</b> -- For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>								
<p><b>Sensitivity of Net Pension Liability to Changes in Discount Rate</b></p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">1% Decrease (6.2%)</th> <th style="text-align: center;">Current Rate (7.2%)</th> <th style="text-align: center;">1% Increase (8.2%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">9,308,466</td> <td style="text-align: right;">\$ 6,280,716</td> <td style="text-align: right;">\$ 3,766,265</td> </tr> </tbody> </table>		1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)	\$	9,308,466	\$ 6,280,716	\$ 3,766,265
	1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)						
\$	9,308,466	\$ 6,280,716	\$ 3,766,265						
<p><b>Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate</b></p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">1% Decrease (2.96%)</th> <th style="text-align: center;">Current Rate (3.96%)</th> <th style="text-align: center;">1% Increase (4.96%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">3,937,723</td> <td style="text-align: right;">\$ 3,077,939</td> <td style="text-align: right;">\$ 2,394,031</td> </tr> </tbody> </table>		1% Decrease (2.96%)	Current Rate (3.96%)	1% Increase (4.96%)	\$	3,937,723	\$ 3,077,939	\$ 2,394,031
	1% Decrease (2.96%)	Current Rate (3.96%)	1% Increase (4.96%)						
\$	3,937,723	\$ 3,077,939	\$ 2,394,031						

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
		\$ 2,958,486	\$ 3,077,939

### Defined Contribution Plans

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

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

### Combined Plans

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

### Summary of Employer Pension and OPEB Expense

Total pension and OPEB expense for the year ended June 30, 2019, including employer contributions and accruals associated with recognition of net pension and OPEB liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	\$ 502,668	\$ 98,527	\$ 601,195
GASB 68 Pension Accruals	1,052,937	-	1,052,937
GASB 75 OPEB Accruals	383,860	-	383,860
<b>Total Pension and OPEB Expense</b>	<b>\$ 1,939,465</b>	<b>\$ 98,527</b>	<b>\$ 2,037,992</b>

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

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

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

### OPERS

277 East Town Street  
Columbus, OH 43215-4642

(614) 222-5601

(800) 222-7377

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

## 7. ACCRUED COMPENSATED ABSENCES

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

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

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

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

Long term liabilities related to accrued compensated absences as of June 30, 2019 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Compensated absences	\$ 419,892	\$ 47,068	\$ 33,989	\$ 432,971	\$ 33,988

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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

### 8. CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

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

CPB Grant	Fiscal Year 2019		
	WOSU-FM	WOSU-TV	Total
Community Service	\$ 343,900	\$ 1,135,252	\$ 1,479,152
Interconnection	-	20,841	20,841
American Graduate	-	105,710	105,710
Ready to Learn Planning		(558)	(558)
Total	<u>\$ 343,900</u>	<u>\$ 1,261,245</u>	<u>\$ 1,605,145</u>

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

### 9. UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the university. The university provides for the general operating costs of WOSU operations. The university's direct support amounted to \$2,019,424 and \$1,727,100, for the years ended June 30, 2019 and 2018, respectively. In addition, the University provided \$938,556 and \$954,867 in indirect administrative support during fiscal years 2019 and 2018, respectively. The indirect administrative support revenues were calculated using the university's "modified other sponsored activities indirect costs rate" of 9.97% for fiscal years ended June 30, 2019 and 2018.

WOSU provides media production services, underwriting services, and space rental to the university. The total revenue reported in the state and local revenue line for the years ended June 30, 2019 and 2018 were \$283,386 and \$309,165, respectively.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

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### 10. INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by the university. These funds are the property of the university, and as such are not included within WOSU's investment portfolio included within the Statement of Net Position. WOSU Public Media receives income generated from the Donald R. Glancy Endowed Fund in excess of \$7,000 per year to support television and radio programming needs. WOSU Public Media received \$28,582 and \$27,886 from this fund during fiscal years 2019 and 2018, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKitrick Family Fund. During fiscal years 2019 and 2018, WOSU Public Media received \$284 and \$278 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary has been included in the statement of revenues, expenses and other changes in net position. The following summarizes the value of these funds as of June 30, 2019 and 2018:

Fund Name	2019 Market	2018 Market
	Value	Value
Donald R. Glancy Endowed Fund	\$ 672,863	\$ 696,551
John McKitrick Family Fund	6,685	6,921
<b>Total Income Beneficiary Funds</b>	<b>\$ 679,548</b>	<b>\$ 703,472</b>

### 11. OPERATING LEASE OBLIGATION

WOSU leases office space at the Fawcett Center under an annual agreement with the university. WOSU pays a portion of the rent directly to the Business Advancement office in accordance with the lease agreement. WOSU paid approximately \$153,549 and \$148,349 during 2019 and 2018, respectively, under this agreement. The lease amount is based on an annual square footage rate. WOSU leases office space for ITSCO operations under a one-year renewable lease agreement. WOSU paid \$17,170 and \$20,604 during 2019 and 2018. ITSCO operations moved to the Fawcett Center in May 2019.

The total rental expense charged to operations was \$209,233 and \$168,953 during 2019 and 2018, respectively. Future minimum payments for significant operating leases with initial or remaining terms in excess of one year are as follows:

2020	\$ 158,156
2021	162,900
Total	<u>\$ 321,056</u>

WOSU leases land from an individual under an agreement with a five-year term commencing with the purchase of WWCD FM on December 14, 2010. The lease term automatically renews for three additional five-year terms. Future minimum lease payments approximate \$12,000 per year through 2025. Rental expense charged to operations was \$12,000 during 2019 and 2018.



# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Notes to the Financial Statements

For the Years Ended June 30, 2019 and 2018

### 12. DEBT OBLIGATIONS

Debt activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Promissory note before discount	<u>\$ 1,985,933</u>	<u>\$ -</u>	<u>\$ 158,824</u>	\$ 1,827,109	<u>\$ 158,824</u>
Discount on promissory note				(654,894)	
<b>Total promissory note, net present value</b>				<u>\$ 1,172,215</u>	

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

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

WOSU financed the purchase of the WOSA (FM) on December 14, 2010 through a promissory note with the seller for \$3,450,000 and it is non-interest bearing. As such, the net present value of the note is less than face value. The net present value of the note (at an imputed interest rate of 4.80%) is \$1,172,215 and \$1,274,495 at June 30, 2019 and June 30, 2018, respectively. The monthly principal on the note shall be amortized over 20 years. The discount and imputed interest expense on the note are included in the statement of revenue, expenses and change in net position

The following is a schedule showing the amounts due for the debt obligations as of June 30, 2019:

2020	\$ 158,520
2021	158,520
2022	158,520
2023	158,520
2024-2028	792,600
2029-2032	400,429
Total	<u>\$ 1,827,109</u>

Interest expense of \$56,544 and \$56,544 was incurred on the debt during fiscal year 2019 and 2018, respectively.

### 13. PREPAID RENT

In 2019, WOSU finalized terms of a lease with Campus Partners to build WOSU's new headquarters. Per the terms of the lease WOSU will pay a total of \$29,000,000 during fiscal years 2019 through 2021 as prepaid rent to Campus Partners. The lease term is expected to commence in fiscal year 2021 and has a total term of 30 years. As of June 30, 2019, WOSU had paid a total of \$2,248,139 of prepaid rent and accrued rent of \$468,989 to Campus Partners for a total of \$2,717,128. The building is under construction and the lease has not yet commenced as of June 30, 2019.

## WOSU Public Media

### A Public Telecommunications Entity Operated by The Ohio State University Required Supplementary Information on GASB 68 Pension Liabilities For the Years Ended June 30, 2019, 2018, 2017, and 2016 (Unaudited)

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

	OPERS			
	2019	2018	2017	2016
<b>Schedule of Proportionate Share of the Net Pension Liability</b>				
WOSU proportion of the collective net pension liability	0.023%	0.022%	0.022%	0.025%
WOSU proportionate share of the net pension liability	\$ 6,280,716	\$ 3,406,649	\$ 5,092,947	\$ 4,249,440
WOSU covered payroll	\$ 3,549,389	\$ 3,211,095	\$ 3,200,020	\$ 3,381,780
WOSU proportionate share of the net pension liability as a percentage of its covered payroll	177%	106%	159%	126%
Plan fiduciary net position as a percentage of the total pension liability	74.9%	84.9%	77.4%	81.1%

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

Contractually required contribution	\$ 502,668	\$ 456,426	\$ 455,595	\$ 468,520
Contributions in relation to the contractually required contribution	\$ 502,668	\$ 456,426	\$ 455,595	\$ 468,520
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
WOSU covered payroll	\$ 3,441,941	\$ 3,213,130	\$ 3,212,283	\$ 3,309,940
Contributions as a percentage of covered payroll	14.6%	14.2%	14.2%	14.2%

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Required Supplementary Information on GASB 75 OPEB Liabilities For the Years Ended June 30, 2019 (Unaudited)

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

	<u>OPERS 2019</u>	<u>OPERS 2018</u>
<b>Schedule of Proportionate Share of the Net OPEB Liability</b>		
WOSU proportion of the collective net OPEB liability	0.024%	0.023%
WOSU proportionate share of the net OPEB liability	\$ 3,077,939	\$ 2,450,537
WOSU covered payroll	\$ 3,549,389	\$ 3,211,095
WOSU proportionate share of the net OPEB liability as a percentage of its covered payroll	87%	76%
Plan fiduciary net position as a percentage of the total OPEB liability	46.3%	54.1%

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Supplemental Schedule of Revenues and Expenses by Telecommunication Operations

For the Year Ended June 30, 2019 (Unaudited)

<b><u>REVENUES AND OTHER SUPPORT</u></b>	<b><u>Television</u></b>	<b><u>Radio</u></b>	<b><u>Totals</u></b>
The Ohio State University Direct Support	\$ 1,018,265	\$ 1,001,159	\$ 2,019,424
Contributed services	424,950	264,744	689,694
Donated facilities and support - OSU	542,422	396,134	938,556
Grants from the CPB	1,261,245	343,900	1,605,145
Member contributions	2,034,280	2,261,768	4,296,048
Public Broadcasting Service	19,725	12,618	32,343
Business and industry	842,730	418,330	1,261,060
Foundations/NPO's	334,162	410,869	745,031
Federal grants	30,324	672	30,996
State and local grants	1,122,602	340,329	1,462,931
Investment income:			
Interest and dividend income	166,566	191,086	357,652
Unrealized loss on investments	(102,522)	(125,305)	(227,827)
Endowment contributions	162	198	360
Capital campaign gifts	1,814,610	2,051,154	3,865,764
Royalties	-	45	45
Other	4,226	1,461	5,687
FCC repack	101,433	-	101,433
Total Revenues and Other Support	9,615,180	7,569,162	17,184,342
<b><u>EXPENSES</u></b>			
Program Services:			
Programming and production	4,217,021	2,584,670	6,801,691
Broadcasting	1,346,082	1,114,825	2,460,907
Program information	185,618	220,318	405,936
Total Program Services	5,748,721	3,919,813	9,668,534
Supporting Services:			
Management & general	1,084,000	1,140,593	2,224,593
Fundraising	659,280	779,105	1,438,385
Underwriting	268,394	317,365	585,759
Interest expense	-	56,544	56,544
Depreciation	65,194	83,175	148,369
Total Supporting Services	2,076,868	2,376,782	4,453,650
Total Expenses	7,825,589	6,296,595	14,122,184
Change in Net Position	\$ 1,789,591	\$ 1,272,567	\$ 3,062,158

# **WOSU Public Media**

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

## **Note to Supplemental Schedule**

**For the Year Ended June 30, 2019**

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### **Basis of Presentation**

The accompanying supplementary information has been prepared to satisfy the requirements of the Corporation for Public Broadcasting Financial Reporting Guidelines Fiscal Year 2018. As of the date of this report, the Corporation for Public Broadcasting Financial Reporting Guidelines Fiscal Year 2019 have not been issued. WOSU holds licenses for both public television stations and public radio stations. The supplementary information provides support for the change in net position for television and radio operations. For certain revenues and expenses supporting both television and radio operations, WOSU uses an allocation methodology based on total support provided from members, donors, and customers during the year. The allocation percentage for fiscal year 2019 is 45% to television and 55% to radio. The schedule is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures.



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

To the Board of Trustees of  
The Ohio State University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), a department of The Ohio State University, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2019.

***Internal Control Over Financial Reporting***

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

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

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



***Compliance and Other Matters***

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

***Purpose of this Report***

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

*PricewaterhouseCoopers LLP*

December 12, 2019