

WOUB Center for Public Media

A Public Media Entity
(A Department of Ohio University)

Financial Statements as of and for the
Years Ended June 30, 2015 and 2014, and
Independent Auditor's Report



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the WOUB Center for Public Media, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 26, 2016

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WOUB Center for Public Media

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Independent Auditor's Report

To the Board of Trustees
WOUB Center for Public Media

Report on the Financial Statements

We have audited the accompanying financial statements of WOUB Center for Public Media, a public media entity (a department of Ohio University) (the "Center"), as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise WOUB Center for Public Media's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOUB Center for Public Media as of June 30, 2015 and 2014 and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
WOUB Center for Public Media

Emphasis of Matters

We draw attention to Note I, which explains that these financial statements present only the Center and do not purport to, and do not, present fairly the financial position of Ohio University as of June 30, 2015 and 2014, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I to the basic financial statements, effective July 1, 2014, the Center adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 is an amendment to GASB Statement No. 27. In accordance with GASB Statement No. 68, the Center is now recognizing its unfunded pension benefit obligation as a liability on the statements of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of WOUB Center for Public Media's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WOUB Center for Public Media's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 13, 2015

WOUB Center for Public Media

Management's Discussion and Analysis

The discussion and analysis of WOUB Center for Public Media's (WOUB or the "Center") financial statements provides an unaudited overview of the Center's financial activities for the fiscal years ended June 30, 2015, 2014, and 2013. Management has prepared the financial statements and the related note disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

Using This Report

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

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

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

Financial Highlights

In the current year, revenue was up 16.5 percent, while expenses only climbed 4.8 percent. This caused an increase in net position of \$172,000. However, a one-time mandatory change in accounting principle to record the Center's portion of unfunded pension plans with which it is affiliated caused a \$1.8 million negative effect, by increasing long-term liabilities and turning unrestricted net position into a sizeable deficit.

Statements of Net Position

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

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Accounts receivable - Ohio University represents amounts available in the cash account of the University for the benefit of the Center. All of the Center's receipts and disbursements are recorded in this account. The amounts are \$184,442, \$376,756, and \$220,843 for the University for the years ended June 30, 2015, 2014, and 2013, respectively.

The following chart depicts the breakdown of assets, deferred outflows of resources, liabilities, and net position for the Center as of June 30, 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current assets:			
Accounts receivable and prepaid expenses	\$ 34,759	\$ 49,092	\$ -
Accounts receivable - Ohio University	184,442	376,756	220,843
Noncurrent assets - Capital assets - Net	<u>3,731,092</u>	<u>3,447,652</u>	<u>4,178,891</u>
Total assets	3,950,293	3,873,500	4,399,734
Deferred outflows of resources	115,797	-	-
Liabilities:			
Current liabilities	80,973	160,839	75,553
Noncurrent liabilities	<u>2,419,917</u>	<u>616,166</u>	<u>609,837</u>
Total liabilities	<u>2,500,890</u>	<u>777,005</u>	<u>685,390</u>
Net position	<u>\$ 1,565,200</u>	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>

The net position is further displayed as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net investment in capital assets	\$ 3,326,272	\$ 3,016,750	\$ 3,723,299
Restricted expendable	-	61,077	178,204
Unrestricted	<u>(1,761,072)</u>	<u>18,668</u>	<u>(187,159)</u>
Total net position	<u>\$ 1,565,200</u>	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>

The most notable change in fiscal year 2015 is the \$1.8 million increase in noncurrent liabilities and the related drop in unrestricted net position. Across the United States, each government unit has been mandated by the Governmental Accounting Standards Board to carry its proportionate share of the net liability of any pension plans in which it participates. Since the Center, through Ohio University, participates in both the Ohio Public Employees Retirement System and the State Teachers Retirement System of Ohio, it now has the responsibility to carry its share of the net pension liability from these two pension systems. The deferred outflows of resources is a new line item, which relates to the same pension requirement.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Statements of Revenues, Expenses, and Changes in Position

The statements of revenues, expenses, and changes in net position present the Center's results of operations for the years ended June 30, 2015 and 2014.

Operating Revenue

Charges for goods and services are recorded as operating revenue. In addition, certain grants are classified as operating revenue if they are not for capital purchases and are provided as a contract for services. Essentially, this means that the Center is required by the grant to provide goods or services to the grantor of equal value to the value of the services or dollars received. Operating revenue includes an annual community service grant from the Corporation for Public Broadcasting and the State of Ohio, administered through an annual grant from the Broadcast Education Media Commission. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the "University"). In-kind contributions of \$756,340, \$685,839, and \$628,307 for the years ended June 30, 2015, 2014, and 2013, respectively, are also included in operating revenue. Total operating revenue is \$6,863,353, \$5,999,581, and \$5,936,895 for the years ended June 30, 2015, 2014, and 2013, respectively. Total operating revenue was up 14.4 percent from 2014, due to increased grants and Ohio University's increased support funding for certain strategic initiatives, including staffing and facility improvements.

Nonoperating Revenue

Certain grants are also classified as nonoperating revenue if the Center is not required under the grant agreement to provide goods or services to the grantor of equal value to the services or dollars received. Total nonoperating revenue is \$1,327,752, \$1,031,800, and \$974,747 for the years ended June 30, 2015, 2014, and 2013, respectively. Overall, nonoperating revenue was up 28.7 percent due to a more aggressive underwriting campaign and an increase in in-kind revenues from the Broadcast Educational Media Corporation.

Total Revenue

The following depicts total revenue by source for the years ended June 30, 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Support from Ohio University	\$ 4,308,242	\$ 3,681,464	\$ 3,546,137
Grants and contracts	1,100,089	704,140	1,010,537
Private gifts	1,327,752	1,031,800	974,747
Sales and services	698,682	928,138	751,914
In-kind support	<u>756,340</u>	<u>685,839</u>	<u>628,307</u>
Total revenue by source	<u>\$ 8,191,105</u>	<u>\$ 7,031,381</u>	<u>\$ 6,911,642</u>

Total Expenses

Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Center. In addition, depreciation expense of \$707,904, \$773,632, and \$795,022 for the years ended June 30, 2015, 2014 and 2013, respectively, is shown as an operating expense. Operating expenses increased 4.8 percent due to increased audio visual production, PBS programming fees, and staffing.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

The following depicts operating expenses for the Center:

	2015	2014	2013
Program and support services	\$ 7,311,445	\$ 6,875,598	\$ 7,036,697
Depreciation	707,904	773,632	795,022
Total expense by source	<u>\$ 8,019,349</u>	<u>\$ 7,649,230</u>	<u>\$ 7,831,719</u>

Change in Net Position

Total change in net position is as follows:

	2015	2014	2013
Operating revenue	\$ 6,863,353	\$ 5,999,581	\$ 5,936,895
Nonoperating revenue	1,327,752	1,031,800	974,747
Expenses	<u>(8,019,349)</u>	<u>(7,649,230)</u>	<u>(7,831,719)</u>
Increase (decrease) in net position	171,756	(617,849)	(920,077)
Beginning net position	3,096,495	3,714,344	4,634,421
Change in accounting standard	<u>(1,703,051)</u>	<u>-</u>	<u>-</u>
Adjusted beginning net position	<u>1,393,444</u>	<u>3,714,344</u>	<u>4,634,421</u>
Ending net position	<u>\$ 1,565,200</u>	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>

Statements of Cash Flows

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

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

The three categories of presentation and their respective amounts for the years ended June 30, 2015, 2014, and 2013 are as follows:

	2015	2014	2013
Net cash provided by (used in):			
Operating activities	\$ 253,700	\$ (122,965)	\$ (424,648)
Noncapital financing activities	571,412	345,961	346,440
Capital and related financing activities	<u>(1,017,426)</u>	<u>(67,083)</u>	<u>(210,700)</u>
Net (decrease) increase in cash	(192,314)	155,913	(288,908)
Cash - Beginning of year	<u>376,756</u>	<u>220,843</u>	<u>509,751</u>
Cash - End of year	<u><u>\$ 184,442</u></u>	<u><u>\$ 376,756</u></u>	<u><u>\$ 220,843</u></u>

Capital Assets

The Center made certain additions to capital assets during fiscal year 2015. These capital asset additions included the OULN (Ohio University Learning Network) video conferencing system and equipment upgrade, which allows classes to be broadcast to and from regional campuses.

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

Debt Administration

As of June 30, 2015, the Center had \$404,819 in an outstanding loan payable compared to \$430,901 at the end of 2014. This loan is payable to Ohio University and will be fully repaid in 2026.

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

Items of Interest

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

Student Volunteers

In addition to our paid staff, we have about 200 student volunteers per academic year and we have ongoing educational partnerships with schools within the Scripps College of Communication at Ohio University.

Technical Accomplishments

We have made great strides in the current year in providing our faculty, audience, and students with more state-of-the-art equipment. The Center installed a new graphics system called *Virzt*, which provides real-time 3D graphics, studio automation, sports analysis, and asset management tools. This system is also used by top television and broadcast networks across the country.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

The Center produced three documentaries during the year. The first, *A Beautiful Remedy*, is an hour-long documentary produced in conjunction with Dr. Lynn Harter of the School of Communication Studies. It focuses on the therapeutic role of art in the treatment of adolescent and child cancer patients at the M.D. Anderson Cancer Center in Houston, Texas. *A Beautiful Remedy* was nominated for a regional Emmy Award and its videographer, WOUB's Evan Shaw, was also nominated for an Emmy Award for his work on the film. The second, *Our Town: Pomeroy*, is the second in a series of documentaries to feature the historical backgrounds of communities in our region. The hour-long documentary premiered in March to over 700 community members at Meigs High School in Meigs County. The third documentary, *Sick, Tired and Behind Bars in Ohio*, was produced on a contract from Ohio's Department of Mental Health. It focuses on the overcrowding of prisons in the state with people suffering from mental illnesses.

The Center also premiered a student-staffed audio show this year called *The Outlet*. It is a half-hour weekly program with news and information in a radio magazine style. It also serves as a WOUB podcast.

Local Broadcast Video Content

In fiscal year 2015, students produced and created: *The Bobcat Sports Showcase*, an in-depth weekly look at all Ohio University sports aired on TV; *Gridiron Glory*, which airs weekly in the fall on HD-TV and features regional high school football; *Hardwood Heroes*, live recaps on HD-TV of Ohio high school basketball programs (both men and women) in the Tri-Valley Conference; and *NewsWatch*, a half-hour five-day-a-week 5:30 p.m. live HD-TV news program focusing on our region. Both *The Bobcat Sports Showcase* and *Gridiron Glory* won Student Production Awards issued by the Ohio Valley Chapter of the National Academy of Television Arts and Sciences. One of the reports for *NewsWatch* won a Student Production Award at the 51st annual Regional Emmy presentations.

Between November 2014 and May 2015, the Center had 94 different shows with 23 different hosts. Some of these shows include: *Conversations from Studio B*, a half-hour interview program hosted by WOUB staffers and community volunteers; *Hometown Heroes*, a special series, in partnership with Dr. Harter, which promotes people of the Southeastern Ohio region; *Morning Edition*, an addition to our local segments featuring locally produced interviews with regional and national figures; *Escooustic Alchemy*, a series of dramatic audio recordings based upon public domain material; and *Live from Fur Peace Ranch*, a music show distributed to 20 stations nationwide.

The center broadcasts Ohio University Bobcat football and men's basketball through our regional FM stations and IMG Sports. The Center also airs Ohio University women's basketball and baseball on our AM station.

Local Online Video Highlights

WOUB launched a new website in May 2015, which allows for easier mobile applications and includes more visual aspects. The new website links with WOUB's aggressive use of social media, including WOUB Center for Public Media's Facebook page, which keeps individuals up to date in times of emergencies (weather, fire, etc.). WOUB also uses multiple Twitter accounts to give live accounts of meetings or events. WOUB also live streams major news events via Periscope and Twitter. WOUB has also experimented with SnapChat while providing coverage of sports.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

One can visit woub.org for a multitude of online video content, which includes some of the following programs: expanded reports from *South-by-Southwest*, the *Nelsonville Music Festival*, and the *Paw Paw Festival*. The Center has expanded its network of regional arts contributors to include Zanesville, Marietta, and Columbus. The Center has also partnered with the *Columbus Dispatch*, the *Dayton Daily News*, the *Toledo Blade*, and the *Cleveland Plain Dealer* to produce a *2015 Summer Activities Guide for Ohio*. This guide can be found on the Center's website.

Other Projects in Progress

Water Project: WOUB continues to partner with Ohio University to promote information about water resources in the region. WOUB is also part of three innovation strategy initiatives within the University and a multistate grant application to the Corporation for Public Broadcasting for coverage of the environment.

Social Media Analytics Laboratory: located within the Scripps College of Communication to analyze social media trends on key issues of the day.

Barbara Gerald's Institute for Storytelling and Social Impact on the Ohio University campus: WOUB has recently become a partner with the institute. Its mission is: (1) to create and tell stories that have significant social relevance and impact and (2) to research all aspects of storytelling (oral, written, visual) from the inception of the stories to delivery through diverse means, to public and private reactions to messages.

Community Outreach

WOUB also has been active in community outreach to raise awareness of societal issues affecting the people of our region. WOUB has been involved in community outreach with the following organizations: the Innovation Center at Ohio University, the Voinovich School of Leadership and Public Policy, the National Center for State Courts, the American Bar Association, the Ohio University Presidential Advisory Council on Disability and Accessibility Planning, and the Scripps College of Communication Diversity Committee.

The Center also works on several K-12 educational projects including: *Ohio Ready to Learn*; *Ready to Learn Workshops*; *WOUB Outreach*; and several products for teachers.

In summary, in addition to being a valued community resource, we continue to be a vital broadcasting entity and a living, working media laboratory for the industry, the University, the Scripps College of Communication, and for the approximately 200 students that are involved in our programs each year.

WOUB Center for Public Media

Statements of Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable	\$ 19,067	\$ 33,723
Prepaid expenses	15,692	15,369
Accounts receivable - Ohio University	<u>184,442</u>	<u>376,756</u>
Total current assets	219,201	425,848
Noncurrent Assets - Capital assets - Net	3,731,092	3,447,652
Deferred Outflows of Resources -		
Deferred outflows related to pensions	<u>115,797</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 4,066,090</u>	<u>\$ 3,873,500</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 51,227	\$ 88,776
Current portion of loan payable	27,554	26,083
Unearned revenue	<u>2,192</u>	<u>45,980</u>
Total current liabilities	80,973	160,839
Noncurrent Liabilities		
Accrued compensated absences	249,827	211,348
Loan payable - Related party	377,265	404,818
Net pension liability	<u>1,792,825</u>	<u>-</u>
Total noncurrent liabilities	<u>2,419,917</u>	<u>616,166</u>
Total liabilities	2,500,890	777,005
Net Position		
Net investment in capital assets	3,326,272	3,016,750
Restricted - Expendable - Public service	-	61,077
Unrestricted	<u>(1,761,072)</u>	<u>18,668</u>
Total net position	<u>1,565,200</u>	<u>3,096,495</u>
Total liabilities and net position	<u>\$ 4,066,090</u>	<u>\$ 3,873,500</u>

WOUB Center for Public Media

Statements of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	2014
Operating Revenue		
State grants and contracts	\$ 614,065	\$ 227,182
Community service grants	1,242,364	1,162,797
Support from Ohio University	4,308,242	3,681,464
Sales and services	698,682	928,138
Total operating revenue	6,863,353	5,999,581
Operating Expenses		
Programming and production	7,311,445	6,875,598
Depreciation	707,904	773,632
Total operating expenses	8,019,349	7,649,230
Operating Loss	(1,155,996)	(1,649,649)
Nonoperating Revenue - Private gifts, grants, and other	1,327,752	1,031,800
Increase (Decrease) in Net Position	171,756	(617,849)
Net Position - Beginning of year	3,096,495	3,714,344
Adjustment for Change in Accounting Principle	(1,703,051)	-
Beginning of Year - As restated	1,393,444	3,714,344
Net Position - End of year	<u>\$ 1,565,200</u>	<u>\$ 3,096,495</u>

WOUB Center for Public Media

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
Cash Flows from Operating Activities		
Grants and contracts	\$ 1,856,429	\$ 1,389,979
Support from Ohio University	4,308,242	3,681,464
Payments to suppliers	(3,341,364)	(3,171,788)
Payments to or on behalf of employees	(3,263,289)	(2,947,933)
Payments for scholarships and fellowships	(5,000)	(2,825)
Sales and services to educational departments	698,682	928,138
	<u>253,700</u>	<u>(122,965)</u>
Net cash provided by (used in) operating activities		
	253,700	(122,965)
Cash Flows from Noncapital Financing Activities -		
Gifts and grants for other-than-capital purposes	571,412	345,961
Cash Flows from Capital Financing Activities		
Payments on related party loan payable	(26,082)	(24,690)
Purchases of capital assets	(991,344)	(42,393)
	<u>(1,017,426)</u>	<u>(67,083)</u>
Net cash used in capital financing activities		
	(1,017,426)	(67,083)
Net (Decrease) Increase in Cash Equivalents	(192,314)	155,913
Cash Equivalents - Beginning of year	376,756	220,843
Cash Equivalents - End of year	<u>\$ 184,442</u>	<u>\$ 376,756</u>

WOUB Center for Public Media

Statements of Cash Flows (Continued)

	Year Ended June 30	
	2015	2014
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (1,155,996)	\$ (1,649,649)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	707,904	773,632
In-kind support	756,340	685,839
Changes in assets and liabilities:		
Accounts receivable	14,656	(33,723)
Prepaid expenses	(323)	(15,369)
Deferred outflows of resources	6,723	
Accounts payable and accrued liabilities	(37,549)	37,913
Unearned revenue	(43,788)	45,980
Accrued compensated absences	38,479	32,412
Net pension liability	(32,746)	-
Net cash provided by (used in) operating activities	<u>\$ 253,700</u>	<u>\$ (122,965)</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note I - Organization and Summary of Significant Accounting Policies

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

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

The Center is not a separate legal entity and operates as a department of the University. The accompanying separate financial statements of the Center are prepared solely to meet the reporting requirements of the Corporation for Public Broadcasting, a major funding organization. These financial statements include only the activities of the Center and therefore, they are not intended to present fairly the financial position, change in net position, and cash flows of the University in conformity with accounting principles generally accepted in the United States of America. For a more extensive disclosure of significant accounting policies, refer to the University’s financial statements available by contacting the Controller’s Office, 204 West Union Street Office Center, Athens, OH 45701 (740) 597-9933.

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

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

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

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

Accounts Receivable - Accounts receivable consist of amounts due for tower leases, production services, and advertising. All amounts are deemed to be collectible; therefore, no allowance has been established as of June 30, 2015 or 2014.

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

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

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

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

Deferred Outflows of Resources - In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Center's deferred outflows of resources is related to the net pension liability (see Note 8 for more information). The Center recorded total deferred outflows of resources of \$115,797 and \$0 at June 30, 2015 and 2014, respectively.

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

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limitations are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited. The liability incurred is recorded at year end as a noncurrent liability in the statements of net position and the change over the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

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

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

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

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

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

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

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

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

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

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

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

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

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

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

Newly Adopted Accounting Pronouncements

Adoption of New Standard - The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). June 30, 2014 amounts have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on pension expense for the fiscal year ended June 30, 2014. In accordance with the statement, the Center has reported its allocated share of the University's net pension liability of \$1,703,051 as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014. June 30, 2014 amounts have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on pension expense for the fiscal year ended June 30, 2014.

Upcoming Accounting Pronouncements

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

Note 2 - Capital Assets

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 2 - Capital Assets (Continued)

The following tables present the changes in the various capital asset categories for the years ended June 30, 2015 and 2014:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	Transfers <u>In (Out)</u>	<u>Disposals</u>	Balance <u>June 30, 2015</u>
Capital assets not being depreciated -					
Land	\$ 69,235	\$ -	\$ -	\$ -	\$ 69,235
Capital assets being depreciated:					
Infrastructure	5,563,795	297,517	-	-	5,861,312
Buildings	3,798,557	57,010	-	-	3,855,567
Machinery and equipment	<u>10,799,472</u>	<u>636,817</u>	<u>-</u>	<u>(480,249)</u>	<u>10,956,040</u>
Total capital assets being depreciated	<u>20,161,824</u>	<u>991,344</u>	<u>-</u>	<u>(480,249)</u>	<u>20,672,919</u>
Total capital assets	20,231,059	991,344	-	(480,249)	20,742,154
Less accumulated depreciation:					
Infrastructure	4,334,798	146,227	-	-	4,481,025
Buildings	3,297,648	55,380	-	-	3,353,028
Machinery and equipment	<u>9,150,961</u>	<u>506,297</u>	<u>-</u>	<u>(480,249)</u>	<u>9,177,009</u>
Total accumulated depreciation	<u>16,783,407</u>	<u>707,904</u>	<u>-</u>	<u>(480,249)</u>	<u>17,011,062</u>
Total capital assets being depreciated - Net	<u>3,378,417</u>	<u>283,440</u>	<u>-</u>	<u>-</u>	<u>3,661,857</u>
Capital assets - Net	<u>\$ 3,447,652</u>	<u>\$ 283,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,731,092</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 2 - Capital Assets (Continued)

	Balance July 1, 2013	Additions	Transfers In (Out)	Disposals	Balance June 30, 2014
Capital assets not being depreciated -					
Land	\$ 69,235	\$ -	\$ -	\$ -	\$ 69,235
Capital assets being depreciated:					
Infrastructure	5,563,795	-	-	-	5,563,795
Buildings	3,798,557	-	-	-	3,798,557
Machinery and equipment	<u>10,757,079</u>	<u>42,393</u>	<u>-</u>	<u>-</u>	<u>10,799,472</u>
Total capital assets being depreciated	<u>20,119,431</u>	<u>42,393</u>	<u>-</u>	<u>-</u>	<u>20,161,824</u>
Total capital assets	20,188,666	42,393	-	-	20,231,059
Less accumulated depreciation:					
Infrastructure	4,098,437	236,361	-	-	4,334,798
Buildings	3,255,176	42,472	-	-	3,297,648
Machinery and equipment	<u>8,656,162</u>	<u>494,799</u>	<u>-</u>	<u>-</u>	<u>9,150,961</u>
Total accumulated depreciation	<u>16,009,775</u>	<u>773,632</u>	<u>-</u>	<u>-</u>	<u>16,783,407</u>
Total capital assets being depreciated - Net	<u>4,109,656</u>	<u>(731,239)</u>	<u>-</u>	<u>-</u>	<u>3,378,417</u>
Capital assets - Net	<u>\$ 4,178,891</u>	<u>\$ (731,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,652</u>

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

Note 3 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2015 and 2014 consist of the following:

	2015	2014
Accounts payable	\$ 19,880	\$ 66,717
Accrued payroll	<u>31,347</u>	<u>22,059</u>
Total	<u>\$ 51,227</u>	<u>\$ 88,776</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 4 - Accrued Compensated Absences

Per University policy, salaried faculty and staff earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2015 and 2014 is \$204,330 and \$172,420, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The liability for accrued sick leave at June 30, 2015 and 2014 is \$45,497 and \$38,928, respectively.

A summary of accrued compensated absences at June 30, 2015 and 2014 is as follows:

	<u>Beginning Balance</u>	<u>Additions / (Reductions)</u>	<u>Ending Balance</u>
For the year ended:			
June 30, 2015	\$ 211,348	\$ 38,479	\$ 249,827
June 30, 2014	178,936	32,412	211,348

Note 5 - Loan Payable - Related Party

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 5 - Loan Payable - Related Party (Continued)

The loan payable at June 30, 2015 and 2014 is shown as follows:

	Beginning		Ending		
	Balance	Borrowed	Retired	Balance	Current
For the year ended:					
June 30, 2015	\$ 430,901	\$ -	\$ (26,082)	\$ 404,819	\$ 27,554
June 30, 2014	455,591	-	(24,690)	430,901	26,083

Principal and interest payment requirements for the years subsequent to June 30, 2015 are summarized as follows:

Years Ending	Principal	Interest	Total
June 30			
2016	\$ 27,554	\$ 21,578	\$ 49,132
2017	29,109	20,023	49,132
2018	30,751	18,381	49,132
2019	32,485	16,647	49,132
2020	34,318	14,814	49,132
2021-2025	202,922	42,756	245,678
2026	47,680	1,433	49,113
Total	\$ 404,819	\$ 135,632	\$ 540,451

Note 6 - In-kind Support

The operations of WOUB Center for Public Media are supported in part by the general revenues of the University. The University provides for the general operating costs of WOUB operations. The University's direct support amounted to \$3,267,822 and \$2,729,798 for the years ended June 30, 2015 and 2014, respectively. In addition, the University provided \$1,040,420 and \$951,666 in indirect administrative support during fiscal years 2015 and 2014, respectively. The indirect administrative support revenues were calculated using the "basic method" rate of 1.12 percent and 0.95 percent for the fiscal years ended 2015 and 2014, respectively.

Note 7 - Non-Federal Financial Support (NFFS)

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 7 - Non-Federal Financial Support (NFFS) (Continued)

A “contribution” is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purpose of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2015 NFFS. This change excludes all revenues received for any capital purchases.

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

Reported NFFS for WOUB was \$5,859,766 and \$5,612,978 for the fiscal years ended 2015 and 2014, respectively.

Note 8 - Retirement Plans

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

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Retirement Plans (Continued)

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

The employee and employer rates are the same for ARP employees as the retirement system under which they would otherwise be covered. However, for those who would otherwise be covered by STRS Ohio and who instead elect the ARP, 4.5 percent of the employer contribution goes to the STRS Ohio retirement system and 0.77 percent of the employer contribution goes to the OPERS systems as of August 1, 2007. The Center's contributions each year are equal to its required contributions.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plans' 2015 contribution rates on covered payroll to each system are as follows:

	Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefit	Total
STRS - Faculty	14.00%	0.00%	0.00%	14.00%
OPERS - State Employees	12.00%	2.00%	0.00%	14.00%

The plans' 2014 contribution rates on covered payroll to each system are as follows:

	Employer Contribution Rate			
	Pension	Postretirement Health Care	Death Benefit	Total
STRS - Faculty	13.00%	1.00%	0.00%	14.00%
OPERS - State Employees	12.00%	2.00%	0.00%	14.00%

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

	Employer Contributions		
	STRS Ohio	OPERS	ARP
2015	\$ 20,084	\$ 206,137	\$ 89,108
2014	19,691	209,265	81,830
2013	19,427	202,459	65,763

Note 8 - Retirement Plans (Continued)

The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2015 was \$1,485,044 and \$145,022, respectively. The payroll for employees covered by OPERS and STRS Ohio for the year ended June 30, 2014 was \$1,503,396 and \$143,910, respectively. Contributions made to other postemployment benefits (OPEB) were \$31,151, \$31,507, and \$52,002 for the years ended June 30, 2015, 2014, and 2013, respectively.

Benefits Provided

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

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

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

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

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

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

A death benefit of \$500-\$2,500 is determined by the number of years of service credit of the retiree.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Retirement Plans (Continued)

Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

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

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

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2015, the Center reported a liability for its allocated share of the University's net pension liability of both STRS and OPERS. The net pension liability was measured as of June 30, 2014 for the STRS plan and December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The Center's proportion of the plan's net pension liability is based on the number of the Center's employees covered by the plans as a percentage of the University's total number of employees covered by the plans. For 2014 and 2015, the Center's allocation of the University's proportion was as follows:

Plan	Measurement Date	Net Pension Liability		Proportionate Share		Percent Change
		2015	2014	2015	2014	
STRS	June 30	\$ 342,596	\$ 408,098	0.0014085%	0.0014085%	0.000%
OPERS	December 31	\$ 1,450,229	\$ 1,417,473	0.0120240%	0.0120240%	0.000%

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Retirement Plans (Continued)

For the years ended June 30, 2015 and 2014, the Center recognized pension expense of \$284,264 and \$307,323, respectively. At June 30, 2015, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,298	\$ 25,478
Net difference between projected and actual earnings on pension plan investments	77,380	63,382
University contributions subsequent to the measurement date	123,979	-
Total	<u>\$ 204,657</u>	<u>\$ 88,860</u>

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

Years Ending June 30	Amount
2016	\$ (7,430)
2017	(7,430)
2018	2,357
2019	4,321
2020	-
Thereafter	-
	<u>\$ (8,182)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2016).

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>STRS - As of June 30, 2014</u>	<u>OPERS - As of December 31, 2014</u>
Valuation date	July 1, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Individual entry age
Cost of living	2.0 percent	3.0 percent
Salary increases, including inflation	2.75 percent - 12.25 percent	4.25 percent - 10.05 percent
Inflation	2.75 percent	3.75 percent
Investments rate of return	7.75 percent - Net of pension plan investment expense	8.00 percent - Net of pension plan investment expense
Experience study date	Period of 5 years ended July 1, 2012	Period of five years ended December 31, 2010
Mortality basis	RP-2000 combined mortality table (Projection 2022-Scale AA)	RP-2000 mortality table projected 20 years using Projection Scale AA

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent for STRS and 8.0 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Retirement Plans (Continued)

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

Investment Category	STRS		Investment Category	OPERS	
	Target Allocation	Long-term Expected Real Rate of Return		Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	31.00%	5.50%	Domestic equity	23.00%	2.31%
International equity	26.00%	5.35%	International equity	19.90%	5.84%
Alternatives	14.00%	5.50%	Alternatives	10.00%	4.25%
Fixed income	18.00%	1.25%	Fixed income	10.00%	9.25%
Real estate	10.00%	4.25%	Real estate	19.10%	7.40%
Liquidity reserves	1.00%	0.50%	Liquidity reserves	18.00%	4.59%
	<u>100.00%</u>			<u>100.00%</u>	

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

Plan	1% Decrease		Current Discount Rate		1% Increase	
STRS	6.75%	\$ 490,463	7.75%	\$ 342,596	8.75%	\$ 217,550
OPERS	7.00%	2,668,607	8.00%	1,450,229	9.00%	415,790
		<u>\$ 3,159,070</u>		<u>\$ 1,792,825</u>		<u>\$ 633,340</u>

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

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

Note 8 - Retirement Plans (Continued)

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

The legislation mandates that the employer must contribute an amount to the state retirement system to which the employee would have otherwise belonged, based on an independent actuarial study commissioned by the Ohio Retirement Study Council and submitted to the Ohio Board of Regents. That amount is 4.5 percent for STRS Ohio and 0.77 percent for OPERS for the year ended June 30, 2015. The employer also contributes what would have been the employer's contribution under STRS Ohio or OPERS, less the aforementioned percentages, to the private provider selected by the employee. The University plan provides these employees with immediate plan vesting.

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

STRS Ohio and OPERS also offer a defined contribution plan and a combined plan with features of both a defined contribution plan and a defined benefit plan. Contributions made to defined contribution plans were \$82,078 and \$76,700 for the years ended June 30, 2015 and 2014, respectively.

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

OPERS provides retirement, disability, and survivor benefits as well as postemployment healthcare coverage to qualifying members of its plans. A portion of each employer's contribution to OPERS is set aside for funding of postretirement health care. The portion of employer contributions, for all employers, allocated to health care was 2.0 percent during calendar year 2014.

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

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

Note 8 - Retirement Plans (Continued)

The Board allocates employer contributions to the Health Care Stabilization Fund from which healthcare benefits are paid. For the fiscal years ended June 30, 2015 and 2014, the board allocated employer contributions equal to 1.0 percent of covered payroll to postemployment health care. The balance in the Health Care Stabilization Fund was \$3.454 billion on January 1, 2014, the date of the most recent information available from STRS Ohio.

For the fiscal year ended June 30, 2014, the date of the most recent information available from STRS, net healthcare costs paid by STRS Ohio were \$656,000,000. There were 124,568 eligible benefit recipients.

Required Supplementary Information

WOUB Center for Public Media

Schedule of the Center's Proportionate Share of the Net Pension Liability and Schedule of Center Contributions Year Ended June 30, 2015

Schedule of the Center's Proportionate Share of the Net Pension Liability as of the Plans' Year End

	STRS 2015	OPERS 2015
Center's proportion of the collective STRS net pension liability:		
As a percentage	0.0014085%	0.012024%
Amount	\$ 342,596	\$ 1,450,229
Center's covered-employee payroll	\$ 135,514	\$ 1,497,282
Center's proportionate share of the collective pension liability (amount), as a percentage of the Center's covered-employee payroll	252.81%	96.86%
Plan fiduciary net position as a percentage of the total pension liability	74.71%	86.53%

Schedule of Center Contributions as of the Center's Year End

	2015	2015
Statutorily required contribution	\$ 20,084	\$ 206,137
Contributions in relation to the actuarially determined contractually required contribution	\$ 20,084	\$ 206,137
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 143,453	\$ 1,472,633
Contributions as a percentage of covered employee payroll	14.00%	14.00%

Notes to Required Supplementary Information for the Year Ended June 30, 2015

Changes of benefit terms. There were no changes in benefit terms affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

Changes of assumptions. There were no changes in assumptions or plan amendments affecting the STRS and OPERS plans for the plan years ended June 30, 2014 and December 31, 2014, respectively.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WOUB Center for Public Media, a public media entity (a department of Ohio University) (the "Center"), as of and for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Plante & Moran, PLLC

November 13, 2015



Dave Yost • Auditor of State

WOUB CENTER FOR PUBLIC MEDIA

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2016**