WBGU-TV
(A Public Telecommunications Entity Operated by Bowling Green State University)

Financial Report

with Supplemental Information
June 30, 2018

Dave Yost • Auditor of State

Board of Trustees
WBGU TV
1851 Research Drive
Bowling Green, Ohio 43403

We have reviewed the *Independent Auditor's Report* of WBGU TV, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

November 13, 2018

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Independent Auditor's Report

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

Report on the Financial Statements

We have audited the accompanying financial statements of WBGU-TV (WBGU or the "Station"), a public telecommunications department within Bowling Green State University (the "University"), as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise WBGU-TV'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governement 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 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.

Opinions

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

Emphasis of Matter

As discussed in Notes 1 and 6 to the financial statements, the Station adopted the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of July 1, 2017. Our opinion is not modified with respect to this matter.

To Management, the Audit Committee,
and the Board of Trustees
WBGU-TV

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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension and OPEB funding progress, and schedules of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 October 25, 2018 on our consideration of WBGU-TV'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 WBGU-TV's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2018

WBGU-TV

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

This section of the WBGU-TV ("WBGU" or the "Station") annual financial report presents management's discussion and analysis of the financial performance of the station during the fiscal years ended June 30, 2018, 2017, and 2016. This discussion is unaudited and provides an overview of the financial activities and should be read in conjunction with the accompanying financial statements and footnotes.

Using the Annual Financial Statement

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In fiscal year 2013, WBGU-TV adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement supersedes paragraphs 10 and 12 of GASB Statement No. 35. GASB Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The financial statements prescribed by GASB Statement No. 63 (the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Position includes all assets and liabilities. Over time, an increase or decrease in net position (the difference between assets and liabilities) is one indicator of the improvement or erosion of WBGU-TV's overall financial health.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. WBGU-TV's dependency on the operating subsidy from Bowling Green State University (the "University") typically results in operating deficits because the financial reporting model classifies this operating subsidy as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities and helps measure the ability of the institution to meet financial obligations as they mature.

Noteworthy Financial Activity

- Revenue from contributions and memberships decreased from the prior year due to decreased annual giving.

- Revenue from fees and services decreased from the prior year due to decreased public broadcasting services.

- Revenue from grants increased during the year to offset the decrease in contributions and fees and services.

- Operating expenses increased from the prior year due to the addition of two staff members and increase in PBS dues related to increase in nonfederal financial support from FY15 to FY16.

Condensed Statements of Net Position
as of June 30, 2018, 2017, and 2016

	2018	2017	2016
Assets			
Current assets	$ 2,400,069	$ 2,710,024	$ 2,848,583
Noncurrent assets:			
Capital assets	1,034,722	1,099,025	1,198,326
Other	1,663,610	1,636,250	1,557,927
Total noncurrent assets	2,698,332	2,735,275	2,756,253
Total assets	5,098,401	5,445,299	5,604,836
Deferred outflows of resources	47,703	247,618	182,050
Liabilities			
Current liabilities	974,167	959,622	1,017,154
Noncurrent liabilities	879,229	795,405	658,838
Total liabilities	1,853,396	1,755,027	1,675,992
Deferred inflows of resources	57,933	16,022	16,730
Net position			
Invested in capital assets	1,034,722	1,099,025	1,198,326
Unrestricted	536,442	1,186,593	1,337,911
Restricted for:			
Nonexpendable endowments	1,057,044	1,057,044	1,057,044
Expendable	606,567	579,206	500,883
Total net position	$ 3,234,775	$ 3,921,868	$ 4,094,164

Current assets consist of cash and cash equivalents, receivables, and unexpired program rights. Current assets totaled $2,400,000 at June 30, 2018 as compared to $2,710,000 at June 30, 2017 and $2,849,000 at June 30, 2016.

Fiscal year 2018 compared to 2017

- Cash and cash equivalents decreased $280,000 due primarily to a decrease in contributions and memberships and public broadcasting services revenue and an increase in payroll expenditures.

Fiscal year 2017 compared to 2016

- Cash and cash equivalents decreased $157,000 due primarily to a decrease in contributions and memberships.

Noncurrent assets include capital assets, net of accumulated depreciation, and endowment investments at fair value. Noncurrent assets totaled $2,698,000 at June 30, 2018 as compared to $2,735,000 at June 30, 2017 and $2,756,000 at June 30, 2016.

Fiscal year 2018 compared to 2017

- Capital assets decreased by $64,000 due to depreciation of existing capital assets exceeding capital asset purchases. Endowment investments increased by $27,000 due to appreciation of investments.

Fiscal year 2017 compared to 2016

- Capital assets decreased by $99,000 due to depreciation of existing capital assets. Endowment investments increased by $78,000 due to appreciation of investments, because of favorable market conditions.

Total liabilities include accounts payable, accrued expenses, unearned revenue, compensated balances, and pension obligations. Total liabilities totaled $1,853,000 at June 30, 2018 as compared to $1,755,000 at June 30, 2017 and $1,676,000 at June 30, 2016.

Fiscal year 2018 compared to 2017

- Pension obligations decreased by $209,000 as a result of the change in net change in the net pension liability directly related to GASB Statement No. 68.

- At June 30, 2018, WBGU-TV reported a liability for the first time of $281,000 for its proportionate share of the net other postemployment benefits (OPEB) liability of OPERS due to the adoption of GASB Statement No. 75 as discussed in Note 1 and 6.

Fiscal year 2017 compared to 2016

- Pension obligations increased by $158,000; as a result, of the increase in the net pension liability directly related to GASB Statement No. 68. Unearned revenue decreased by $65,000 due to timing of grant payments and expenditures.

Net position presents the difference between WBGU's assets and liabilities. Total net position totaled $3,235,000 at June 30, 2018 as compared to $3,922,000 at June 30, 2017 and $4,094,000 at June 30, 2016.

Fiscal year 2018 compared to 2017

- The unrestricted net position for 2018 decreased $650,000 primary due to decreased public broadcasting services and increased broadcasting expense as well as adoption of GASB 75 mentioned below.
- The invested in capital assets net position decreased $64,000 due to the depreciation of existing capital assets.
- The restricted expendable net position for 2018 increased $27,000 from investment earnings.
- At June 30, 2018, WBGU-TV reduced unrestricted net assets at July 1, 2017 by $260,155 due to the adoption of GASB Statement No. 75 as discussed in Note 1 and 6.

Fiscal year 2017 compared to 2016

- The unrestricted net position for 2017 decreased $151,000 primary due to a decrease of contributions and memberships.
- The invested in capital assets net position decreased $99,000 due to the depreciation of existing capital assets.
- The restricted expendable net position for 2017 increased $78,000 due to favorable investment earnings.

Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2018, 2017, and 2016

	2018	2017	2016
Operating revenue:			
Contributions and memberships	$ 321,180	$ 360,659	$ 578,331
Contributed services	400,858	385,337	573,698
Fees and services	532,559	595,565	518,581
Grants and contracts	1,365,297	1,216,341	1,179,651
Other operating revenue	-	998	-
Total operating revenue	2,619,894	2,558,900	2,850,261
Operating expenses:			
Program services	3,204,961	2,797,435	3,121,844
Supporting services	1,024,693	1,086,606	981,245
Total operating expenses	4,229,654	3,884,041	4,103,089
Operating loss	(1,609,760)	(1,325,141)	(1,252,828)
Nonoperating revenue:			
Operating subsidies	389,556	383,972	444,399
Donated facilities and support	695,420	625,989	617,330
Investment gain (loss), net	76,096	126,884	(9,531)
Total nonoperating revenue	1,161,072	1,136,845	1,052,198
Other changes:			
Capital grants and gifts	21,750	16,000	-
Change in net position	(426,938)	(172,296)	(200,630)
Net position:			
Net position at the beginning of year	3,921,868	4,094,164	4,294,794
Adjustment for change in accounting principle GASB 75	(260,155)	-	-
Net position at the beginning of year, as restated	3,661,713		
Net position at the end of year	3,234,775	$ 3,921,868	$ 4,094,164

Total operating revenue for fiscal years ended June 30, 2018, 2017, and 2016 was $2,600,000, $2,600,000, and $2,900,000, respectively.

Fiscal year 2018 compared to 2017

- Contributions and memberships decreased $40,000 primarily due to decreased annual giving.
- Fees and services decreased $63,000 primarily due to tower rental lump-sum payment in fiscal year 2017 not received in fiscal year 2018.
- Grants and contracts increased $149,000 due to timing of grant activity.

Fiscal year 2017 compared to 2016

- Contributions and memberships decreased $218,000 primarily due to receipt of a large estate gift in the previous year.
- Contributed services decreased $188,000 primarily due to decreased activity of Ohio Broadcast Educational Media Commission which provides these services.
- Fees and services increased $77,000 primarily due to tower rental adjustments.

Total operating expenses for fiscal years ended June 30 2018, 2017, and 2016 was $4,200,000 million, $3,900,000 million, and $4,100,000 million respectively.

Fiscal year 2018 compared to 2017

- Program services increased $408,000 primarily due to increased broadcasting and public information and promotion. Supporting services decreased $62,000 primarily due to decreased fundraising and membership development.

Fiscal year 2017 compared to 2016

- Program services decreased $324,000 primarily due to decreased donated services. Supporting services increased $105,000 primarily due to increased indirect administrative support.

Total nonoperating revenues for fiscal years ended June 30, 2018, 2017, and 2016 was $1,200,000, $1,100,000, and $1,100,000, respectively.

Fiscal year 2018 compared to 2017

- Donated facilities and support increased $69,000 due to increased support from BGSU.
- Investment gain decreased $51,000 due to less favorable market conditions compared to fiscal year 2017.

Fiscal year 2017 compared to 2016

- Operating subsidies from BGSU decreased $60,000 primarily due to staffing reductions.
- Investment gain increased $136,000 due to favorable market conditions.

Capital Assets

WBGU had $1,035,000, $1,099,000, and $1,198,000 invested in capital assets as of June 30, 2018, 2017, and 2016, respectively. The most significant impact on the carrying amounts for each year is related to depreciation expense. The depreciation was offset by additions of capital assets of $108,000, $98,000 and $37,000 for 2018, 2017 and 2016, respectively.

Cash Flows

WBGU used cash in operations of $632,000, $508,000 and $315,000 in 2018, 2017 and 2016, respectively. The largest cash inflows was from grants, cash from contributions and memberships and cash from fees and services. Cash outflows relate to amounts paid to vendors and employees.

WBGU had cash inflows from noncapital financing activities which consists of operating subsidies of $390,000, $384,000 and $444,000 during 2018, 2017 and 2016, respectively.

Cash outflows from capital financing activities consists of capital asset purchases mentioned previously in the capital assets section.

Cash inflows from investing activities consists of investment income of $49,000, $49,000, and $48,000 in 2018, 2017 and 2016.

Economic Factors Affecting the Future of WBGU-TV

The economy of Ohio, while improving, has had an impact on WBGU-TV's ability to increase membership dollars significantly. The level of private annual giving decreased this past year in both dollars and number of members. WBGU-TV will continue to strive to increase both private giving and production services in the coming year.

WBGU-TV
Statements of Net Position
June 30

		2018		2017
Assets				
Current assets:				
Cash and cash equivalents	$	2,387,500	$	2,667,567
Receivables:				
Accounts receivable		4,467		33,683
Grants and contracts		8,032		1,875
Unexpired program rights		70		6,899
Total current assets		2,400,069		2,710,024
Noncurrent assets:				
Endowment investments		1,663,610		1,636,250
Capital assets, net		1,034,722		1,099,025
Total noncurrent assets		2,698,332		2,735,275
Total assets		5,098,401		5,445,299
Deferred outflows of resources				
Deferred outflows related to pensions		26,996		247,618
Deferred outflows related to OPEB		20,707		-
Total deferred outflows of resources		47,703		247,618
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses		79,849		19,775
Unearned revenue		789,322		848,088
Current portion of accrued compensated balances		104,996		91,759
Total current liabilities		974,167		959,622
Noncurrent liabilities:				
Accrued compensated absences (net of current portion)		94,639		83,536
Net Pension liability		503,205		711,869
Net OPEB liability		281,385		-
Total noncurrent liabilities		879,229		795,405
Total liabilities		1,853,396		1,755,027
Deferred inflows of resources				
Deferred inflows related to pensions		36,972		16,022
Deferred inflows related to OPEB		20,961		-
Total deferred inflows of resources		57,933		16,022
Net position:				
Invested in capital assets		1,034,722		1,099,025
Unrestricted		536,442		1,186,593
Restricted for:				
Nonexpendable endowments		1,057,044		1,057,044
Expendable		606,567		579,206
Total net position	$	3,234,775	$	3,921,868

See accompanying notes.

WBGU-TV
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30

	2018	2017
Revenues		
Operating revenue:		
Contributions and memberships	$ 321,180	$ 360,659
Contributed services	400,858	385,337
Fees and services:		
Public broadcasting services	219,133	321,888
Business and industry	313,426	273,677
State and local grants	439,579	300,797
Private and other grants	925,718	915,544
Miscellaneous	-	998
Total operating revenues	2,619,894	2,558,900
Expenses		
Operating expenses:		
Program services:		
Programming and production	1,788,345	1,725,612
Broadcasting	1,250,232	976,940
Public information and promotion	166,384	94,883
Supporting services:		
Management and general	522,934	532,456
Fundraising and membership development	501,759	554,150
Total operating expenses	4,229,654	3,884,041
Operating loss	(1,609,760)	(1,325,141)
Nonoperating revenue:		
Operating subsidies	389,556	383,972
Donated facilities and support	695,420	625,989
Investment income, net	76,096	126,884
Net nonoperating revenue	1,161,072	1,136,845
Loss before other changes	(448,688)	(188,296)
Other changes:		
Capital grants and gifts	21,750	16,000
Change in net position	(426,938)	(172,296)
Net position		
Net position at the beginning of year	3,921,868	4,094,164
Adjustment for change in accounting principle - GASB 75 (Note 1 and 6)	(260,155)	-
Net position at the beginning of year, as restated	3,661,713	
Net position at the end of year	$ 3,234,775	$ 3,921,868

See accompanying notes.

WBGU-TV
Statements of Cash Flows
Years Ended June 30

	2018	2017
Cash flows from operating activities		
Contributions and memberships	$ 321,180	$ 360,371
Fees and services	566,999	557,497
Grants	1,295,149	1,170,569
Other receipts	-	998
Payments to vendors for supplies and services	(1,341,778)	(1,241,041)
Payments to employees and benefits	(1,473,224)	(1,356,298)
Net cash used in operating activities	(631,674)	(507,904)
Cash flows from noncapital financing activities		
Operating subsidies	389,556	383,972
Net cash provided by noncapital financing activities	389,556	383,972
Cash flows from capital financing activities		
Purchase of capital assets	(86,685)	(82,036)
Net cash used in capital financing activities	(86,685)	(82,036)
Cash flows from investing activities		
Investment income	48,736	48,561
Net cash provided by investing activities	48,736	48,561
Net decrease in cash	(280,067)	(157,407)
Cash and cash equivalents at beginning of year	2,667,567	2,824,974
Cash and cash equivalents at end of year	$ 2,387,500	$ 2,667,567
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (1,609,760)	$ (1,325,141)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	172,738	197,337
Pension expense	32,909	91,606
OPEB expense	21,485	-
Donated facilities and support	695,420	625,989
Changes in assets and liabilities:		
Accounts receivable, net	23,059	(18,942)
Unexpired program rights	6,829	96
Accounts payable	53,393	8,875
Accrued wages and vacation pay	31,019	(22,826)
Unearned revenue	(58,766)	(64,897)
Net cash used by operating activities	$ (631,674)	$ (507,903)

See accompanying notes.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations

WBGU-TV is a part of the Bowling Green State University (the "University") financial reporting entity. WBGU-TV provides public broadcasting and is licensed to and operated by Bowling Green State University. The accompanying financial statements include only the funds of WBGU-TV and do not extend to any financial statements of Bowling Green State University or its component units, Bowling Green State University Foundation, Inc. (the "Foundation") and Centennial Falcon Properties, Inc. (the "Corporation"). The financial statements of the University and Foundation contain more extensive disclosure of the significant accounting policies of each entity as a whole.

Basis of Presentation

WBGU-TV follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities and are presented in accordance with the reporting model as prescribed in 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 by GASB Statements No. 37, No. 38, and No. 63. WBGU follows the "business-type" activities requirements of GASB Statement No. 34. This approach requires the following components of WBGU's financial statements:

- Management's discussion and analysis
- Basic financial statements including a statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements

GASB Statement No. 34, as amended by No. 63, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- *Net investment in capital assets:* This represents WBGU-TV's total investment in capital assets.
- *Unrestricted:* Unrestricted net assets represent resources derived from sales and services provided by WBGU-TV. These resources are used for transactions relating to the obligations of WBGU-TV and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.
- *Restricted for non-expendable endowments:* Restricted non expendable endowments are gifts that have been received for endowment purposes, the corpus of which cannot be expended.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

- *Restricted for expendable:* Restricted for expendable net assets include resources which WBGU-TV is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or have been gifted for a specific purpose.

When an expense is incurred that can be paid from using either restricted or unrestricted resources, the expense is first applied towards restricted resources and then toward unrestricted resources.

Pension

For purposes 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) Pension Plan (OPERS and additions to and deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses 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.

Other Postemployment Benefit Costs

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

Deferred Outflows: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense) until then. WBGU-TV reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date (see Note 6 for more details).

Deferred Inflows: In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. WBGU-TV reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments (see Note 6 for more details).

Adoption of New Accounting Pronouncement

The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which requires governments providing other postemployment benefit ("OPEB") plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statements, WBGU has reported a change in accounting principle adjustment to unrestricted net position of $260,155, which is the net of the net OPEB liability and related deferred outflows of resources as of July 1, 2017. June 30, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended June 30, 2017.

Cash and Cash Equivalents

Cash and cash equivalents are held in the custody of the University and the Foundation. These funds are commingled with those of other University- and Foundation-related organizations. Cash and cash equivalents include funds that have been allocated to WBGU-TV by the University that are unspent. WBGU-TV considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable consists of sales and services provided and are considered by management to be fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary. Accounts receivable also includes amounts due from the federal, state, and local governments or private sources, in connection with reimbursement of allowable expenditures pursuant to grants and contacts.

Unexpired Program Rights and Unearned Revenue

Unexpired program rights include expenses for programs produced by WBGU-TV, which will be broadcast subsequent to the end of the fiscal year. Unearned revenue includes amounts received for the production of programs that will be broadcast subsequent to the end of the fiscal year. Concurrent with broadcasting of the programs, these costs will be reported as incurred operating expenses and the related amounts received will be reported as earned revenue in the statements of revenues, expenses, and changes in net assets. Unearned revenue also includes amounts received from grant and contract sponsors that have not been earned.

Endowment Investments

Endowment funds are administered by the Foundation and are commingled with other Foundation endowment funds in its pooled investment portfolio. Earned investment income is allocated to each fund based on its share of the total funds invested in the pool. The unrestricted donor contributions to the endowment are recorded as non-operating revenues in the statements of revenues, expenses, and changes in net position. Investments in cash equivalents, corporate stocks, equity securities, corporate bond funds and mutual funds are recorded at their current fair values based on quoted market prices in active markets. There are also investments reported at net asset value, which represents fair value as reported by the general partner or fund manager. Limited partnerships, real estate investment trusts, and other private investments make up a portion of the endowment investments and are reported using the equity method of accounting. The components of the individual investments within these funds are not readily determinable. The value is based on estimates by partnership manager, fund managers, and various valuation committees including original costs, restrictions affecting marketability, operating results, financial condition of the issuers and the price of the most recent financing transactions. Management believes the stated values approximate fair value as determined by the respective managers. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may significantly differ from the value that would have been used had a ready market for such instruments existed, and the differences could be material. Some of the investments have time limitations on liquidation. These vary from six months to the term of the limited partnership, trust or fund. During this period, unless certain events occur, liquidation will be unable to occur.

The governing body of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WBGU-TV classifies as net assets restricted for nonexpendable endowments (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net position restricted for nonexpendable endowments is classified as restricted for expendable net position until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has its investment and spending policies for endowment assets such that it attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

period(s). Under this policy, as approved by the governing body, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs over the long term. Actual returns in any given year may vary.

WBGU-TV records the annual income of the endowment as non-operating revenue that is restricted for expenditure upon meeting donor stipulations. The net appreciation on investments of donor-restricted endowments that are available for expenditure were $606,567 and $579,206 at June 30, 2018 and 2017, respectively.

The Foundation has adopted a spending policy with respect to amounts available for distribution on all endowed funds. The spending policy provides for a range of 3% to 7% of the three-year rolling average market value of endowed fund balances, with the Board of Directors approving 3% for 2018 and 2017, respectively.

The Foundation has adopted a policy of charging an administrative fee on all endowed funds, unless prohibited by the guidelines of the funds. The fee is based on the prior two-year average market value balance for the endowed funds and certain non-endowed funds. The administrative fee charged to WBGU-TV amounted to approximately $21,332 and $21,216 in 2018 and 2017, respectively, and has been netted with the investment income included in non-operating revenues on the statements of revenues, expenses, and changes in net position.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, WBGU-TV's capitalization policy includes all items with a cost of $3,500 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings and 5 to 12 years for equipment.

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 grants and gifts.

In-Kind Contributions and Donated Personal Services of Volunteers

In-kind contributions are recorded as revenue and expense in the accompanying statements of revenues, expenses, and changes in net position. In-kind contributions consist of donated professional services, amounts for lease of programming, operating transmitters and translators, and various indirect administrative services. These donations are recorded at their estimated fair value with a corresponding expense.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (continued)

The value of donated personal services of volunteers has been excluded from both revenue and expense. The volunteer support for the years ended June 30, 2018 and 2017, consisted of:

	2018			2017		
	Hours		Total	Hours		Total
Programming and production	1,920	$	47,405	2,350	$	56,729
Fundraising	247		6,098	150		3,609
Management and general	61		1,506	108		2,607
Total	2,228	$	55,009	2,608	$	62,945

The value of these services is based upon a flat rate developed by the Corporation for Public Broadcasting.

Administrative Support and Donated Facilities from the University

Administrative support and donated facilities 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 1.6% for fiscal years ended June 30, 2018 and 2017. Donated facilities and administrative support from the University consists of allocated overhead costs related to financial, student, and development department costs and certain other expenses incurred by the University on behalf of WBGU-TV. All support received from the University is recorded as non-operating revenues.

Income Taxes

WBGU-TV is licensed to and operated by Bowling Green State University. The University, as an instrumentality of the state of Ohio, is excluded from federal income taxes under Section 115 of the Internal Revenue Code (as amended). Therefore, this exemption extends to the operations of WBGU-TV.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs and other systematic bases.

2. Cash and Investments

GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover five main areas: credit risk, interest rate risk, custodial credit risk, concentration of credit risk, and foreign exchange exposure. In addition, under GASB Statement No. 72, *Fair Value Measurement and Application*, certain fair value disclosures are required. Since the investments of WBGU-TV are held by the Foundation, which is a separate 501(c)(3) organization from the University, this information is not available. Fair value disclosures for the entire pool are included in the Foundation's audited financial statements.

The cash balances as of June 30, 2018 and 2017 are pooled funds that are held and managed by the University and Foundation.

Endowment investments represent WBGU-TV's share of pooled investment funds held and managed by the Foundation. The values of these investments held by the Foundation as of June 30, 2018 and 2017 were as follows:

	2018	2017
WBGU-TV Silver Anniversary	$ 1,204,467	$ 1,186,389
WBGU-TV Programming Endowment Fund	47,630	47,141
WBGU-TV Equipment	26,677	26,277
The Younger Family Fund	313,695	305,740
Jorgen Larsen WBGU Programming Fund	71,141	70,703
Total	$ 1,663,610	$ 1,636,250

3. Capital Assets

The property and equipment reported below are titled to the University but are utilized by WBGU-TV. Capital asset and accumulated depreciation activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 40,000	$ –	$ –	$ 40,000
Buildings	2,410,108	–	–	2,410,108
Equipment	7,045,208	47,072	13,770	7,078,510
Construction in Progress	–	61,363	–	61,363
Total capital assets	9,495,316	108,435	13,770	9,589,981
Less accumulated depreciation	8,396,291	172,738	13,770	8,555,259
Capital assets, net	$ 1,099,025	$ (64,303)	$ –	$ 1,034,722

3. Capital Assets (Continued)

The property and equipment reported below are titled to the University but are utilized by WBGU-TV. Capital asset and accumulated depreciation activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 40,000	$ –	$ –	$ 40,000
Buildings	2,410,108	–	–	2,410,108
Equipment	8,409,924	98,036	1,462,752	7,045,208
Total capital assets	10,860,032	98,036	1,462,752	9,495,316
Less accumulated depreciation	9,661,706	197,337	1,462,752	8,396,291
Capital assets, net	$ 1,198,326	$ (99,301)	$ –	$ 1,099,025

4. Accounts Payable and Accrued Expenses

The composition of accounts payable and accrued expenses at June 30, 2018 and 2017, was as follows:

	2018	2017
Accounts payable	$ 69,671	$ 16,276
Accrued payroll	10,178	3,499
Total	$ 79,849	$ 19,775

5. Compensated Absences

The University's employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been 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 and expense incurred are recorded at year-end as long-term liabilities in the statements of net position, and as a component of operating expense in the statements of revenues, expenses, and changes in net position.

5. Compensated Absences (Continued)

WBGU-TV follows the University's policy for accruing the sick leave liability. WBGU-TV accrues the 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 method that is set forth in GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method,

WBGU-TV utilizes the University's calculated rate, sick leave termination cost per hour worked, which is based on the University's actual historical experience of sick leave payouts of terminated employees. This ratio is then applied to the total years of service for WBGU-TV's current employees.

Compensated absences for June 30, 2018, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Vacation pay	$ 116,121	$ 75,288	$ 58,525	$ 132,884	$ 99,677
Sick leave	59,174	7,577	–	66,751	5,319
Total	$ 175,295	$ 82,865	$ 58,525	$ 199,635	$ 104,996

Compensated absences for June 30, 2017, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Vacation pay	$ 120,448	$ 58,931	$ 63,258	$ 116,121	$ 87,103
Sick leave	68,925	6,022	15,773	59,174	4,656
Total	$ 189,373	$ 64,953	$ 79,031	$ 175,295	$ 91,759

6. Employee Benefit Plans

WBGU-TV employees are covered by the Ohio Public Employees Retirement System of Ohio ("OPERS"). This plan provides retirement, disability, annual cost of living adjustments, death benefits, and health care benefits to vested retirees.

OPERS offers three separate retirement plans:

Defined benefit plan – traditional pension plan. This is a cost-sharing, multiple employer plan. This plan provides disability, annual cost-of-living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

Defined contribution plan – member-directed plan. Employee contributions are invested in self-directed investments. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost of living adjustments, death benefits, or healthcare benefits.

6. Employee Benefit Plans (continued)

Combined plan – has elements of the traditional pension plan and member-directed plan. Employee contributions are invested in self-directed investments. The employer contributions are used to fund a reduced defined benefit plan. This plan provides disability, annual cost of living adjustments, death benefits, and healthcare benefits. Healthcare benefits are based on years of service.

OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. Reports can be obtained by contacting the agency.

The OPERS Comprehensive Annual Financial Report can be downloaded from the OPERS website at www.opers.org. The Ohio Revised Code provides statutory authority for employer and employee contributions. The University contributes 14% of covered payroll, and the employee pretax contribution rate is 10% of covered payroll. A portion of employer contributions were allocated to post-employment health care benefits.

Employees may opt out of OPERS and participate in the Alternative Retirement Program (ARP), a defined contribution plan. The University contributes 14% of covered payroll and the employee pretax contribution rate is 10% of covered payroll. Benefits are dependent upon contributions and investment earnings. This plan does not include disability, annual cost of living adjustments, death benefits, or health care benefits.

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 depends 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% to 2.5 %.

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. 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.

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.

Postemployment healthcare – In addition to pension benefits, the Ohio Revised Code provides authority for public employers to fund postemployment healthcare benefits through their contributions to OPERS. The portion of employer contributions, for all employees, allocated to healthcare was 2.0% during calendar years 2017 and 2016.

6. Employee Benefit Plans (continued)

OPERS maintains a cost-sharing, multiple-employer healthcare plan to retirees who participated in the defined benefit or combined plan with 10 or more years of qualifying Ohio service credit. Coverage includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Under Ohio law, postemployment healthcare benefits under OPERS are permitted, but not mandated; therefore, a portion of employer contributions is set aside for fundingpostemployment health care. Effective January 1, 2017, the portion of employer contributions allocated to health care decreased from 2% to 1%, and as of January 1, 2018, it decreased to 0%, as recommended by the OPERS actuary. Payment amounts vary depending on the number of covered dependents and coverage selected.

Employer contributions to the OPERS retirement benefit program for June 30, 2018, 2017, and 2016, are $18,508, $17,378, and $17,963 respectively.

WBGU receives an allocation of the University's required and actual contributions to the plan. Employer contributions to the following retirement benefit program for June 30 are summarized as follows:

	2018	2017
OPERS Pension	$ 132,201	$ 120,942
OPERS OPEB	10,148	17,382
ARP	7,905	8,577
Total	$ 150,254	$ 146,901

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2018 and June 30, 2017, WBGU reported a liability for its proportionate share of the University's net pension liability of OPERS. For the years ended June 30, 2018 and 2017, the net pension liability was measured as of December 31, 2017 and 2016, respectively 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. WBGU's proportion of the net pension liability was based on WBGU's employee payroll expense as a percentage of the University's total payroll expense.

	Measurement	Net Pension Liability		Proportionate Share		Percent
Plan	Date	2018	2017	2018	2017	Change
OPERS	December 31	$ 503,205	$ 711,869	0.0032%	0.0031%	0.0001%

6. Employee Benefit Plans (continued)

For the year ended June 30, 2018 and June 30, 2017 WBGU recognized pension expense of $173,016 and $221,124, respectively. WBGU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2018 and June 30, 2017:

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 191	$ (3,134)
Changes of Assumptions	16,593	-
Net difference between projected and actual earnings on pension plan investments	-	(30,005)
Changes in proportion and differences between WBGU contributions and proportionate share of contributions	1,143	(3,833)
Reporting Unit contributions subsequent to the measurement date	9,069	-
Total	$ 26,996	$ (36,972)

June 30, 2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,726	$ (9,809)
Changes of Assumptions	106,894	-
Net difference between projected and actual earnings on pension plan investments	100,388	-
Changes in proportion and differences between WBGU contributions and proportionate share of contributions	6,905	(6,213)
Reporting Unit contributions subsequent to the measurement date	26,705	-
Total	$ 247,618	$ (16,022)

6. Employee Benefit Plans (continued)

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

Years Ending June 30	Amount
2018	$ 11,477
2019	(4,665)
2020	(13,336)
2021	(12,446)
2022	(29)
Thereafter	(46)
	$ (19,045)

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

Net OPEB Liability, Deferrals, and OPEB Expense – At June 30, 2018, WBGU reported a liability for its proportionate share of the net OPEB liability of OPERS. For the year ended June 30, 2018, the net OPEB liability was measured as of December 31, 2017 for the OPERS plan. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as December 31, 2016. WBGU's proportion of the net OPEB liability was based on WBGU-TV's employee payroll expense as a percentage of the University's total payroll expense.

Plan	Measurement Date	Net OPEB Liability 2018	Proportionate Share 2018
OPERS	December 31	$ 281,385	0.013150%

6. Employee Benefit Plans (continued)

For the year ended June 30, 2018, WBGU recognized OPEB expense of $21,485. At June 30, 2018, WBGU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 219	$ -
Changes of Assumptions	20,488	-
Net difference between projected and actual earnings on pension plan investments	-	(20,961)
Changes in proportion and differences between WBGU contributions and proportionate share of contributions	-	
Reporting Unit contributions subsequent to the measurement date	-	-
Total	$ 20,707	$ (20,961)

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

Years Ending June 30	Amount
2018	$ 4,660
2019	4,660
2020	(4,333)
2021	(5,241)
2022	-
Thereafter	-
	$ (254)

6. Employee Benefit Plans (continued)

Actuarial Assumptions – The total pension liability and OPEB liability is based on the results of an actuarial valuation were determined using the following actuarial assumptions for 2017, applied to all periods included in the measurement on June 30, 2018

	OPERS
Valuation date - Pension	December 31, 2017
Valuation date - OPEB	December 31, 2016
Actuarial cost method	Individual entry age
Cost of living	3.0 percent
Salary increases, including inflation	3.25 percent - 10.75 percent
Inflation	3.25 percent
Investment rate of return - pension	7.50 percent, net of pension plan investment expense
Investment rate of return - OPEB	6.50 percent, net of invesment expenses
Health care cost trend rates	7.50 percent initial, 3.25 percent
Experience study date	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Healthy Annuitant Mortality Table

The following are actuarial assumptions for 2016, applied to all periods included in the measurement on June 30, 2017.

	OPERS
Valuation date	December 31, 2016
Actuarial cost method	Individual entry age
Cost of living	3.0 percent
Salary increases, including inflation	3.25 percent - 10.75 percent
Inflation	3.25 percent
Investment rate of return	7.50 percent, net of pension plan investment expense
Experience study date	Period of 5 years ended December 31, 2015
Mortality basis	RP-2014 Healthy Annuitant Mortality Table

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

6. Employee Benefit Plans (continued)

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

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

	OPERS as of 12/31/17			
	Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	23.00%	2.20%	34.00%	1.88%
Domestic Equity	19.00%	6.37%	21.00%	6.37%
Real Estate	10.00%	5.26%	0.00%	0.00%
Private Equity	10.00%	8.97%	0.00%	0.00%
International Equity	20.00%	7.88%	22.00%	7.88%
REITs	0.00%	0.00%	6.00%	5.91%
Other Investments	18.00%	5.26%	17.00%	5.39%
Total	100.00%		100.00%	

	OPERS as of 12/31/16	
Investment Category	Target Allocation	Long-term Expected Real Rate of
Fixed Income	23.00%	2.75%
Domestic Equity	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equity	18.30%	7.95%
Other Investments	18.00%	4.92%
Total	100.00%	

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of WBGU at June 30, 2018 and 2017, calculated using the discount rate listed below, as well as what WBGU'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	1.00 percent decrease		Current Discount Rate		1.00 percent increase	
2018 OPERS	6.50%	$ 899,315	7.50%	$ 503,205	8.50%	$ 173,262
2017 OPERS	6.50%	$ 1,090,431	7.50%	$ 711,869	8.50%	$ 315,342

6. Employee Benefit Plans (continued)

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of WBGU at June 30, 2018, calculated using the discount rate listed below, as well as what WBGU's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2018						
Plan	1.00 Percent Decrease		Current Discount Rate		1.00 Percent Increase	
OPERS	2.85%	$ 373,832	3.85%	$ 281,385	4.85%	$ 206,596

Sensitivity of the net OPEB liability to changes in the health care cost trend rate – The following presents the net OPEB liability of WBGU, calculated using the healthcare cost trend rate listed below, as well as what WBGU's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

June 30, 2018			
Plan	1.00 Percent Decrease	Current Discount Rate	1.00 Percent Increase
OPERS	$ 269,225	$ 281,385	$ 293,945

Pension plan and OPEB plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

7. Corporation for Public Broadcasting Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant-making organization responsible for funding more than 1,000 television and radio stations. WBGU-TV receives grant funds from the CPB to assist in the operations of the station. During 2018 and 2017, the grant funds recorded as revenue were as follows:

	2018	**2017**
Community Service Grant	$ 855,648	$ 817,515
Interconnection Grant	15,101	14,021
USSG Grant	54,969	–
Total	$ 925,718	$ 831,536

8. Nonfederal Financial Support (NFFS)

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

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2018 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 was $2,254,527 and $2,167,895 for 2018 and 2017, respectively.

9. University Support

The WBGU-TV operations are supported in part by the general revenues of the University. The University provides for the general operating costs of WBGU-TV’s operations. The University’s direct support for the years ended June 30, 2018 and 2017, amounted to $389,556 and $383,972, respectively. In addition, the University provided for the years ended June 30, 2018 and 2017, an estimated $695,420 and $625,989 of indirect administrative support, respectively. The indirect administrative support revenue was calculated using the University’s “modified other sponsored activities indirect costs rate” of 1.6% and 1.6% for the years ended June 30, 2018 and 2017.

10. Contingencies

WBGU-TV receives grants and contracts from certain federal, state, and local agencies to fund research and other activities. Revenues from government grants and contracts are recognized when all eligibility requirements have been met. The University records indirect costs related to such grants and contracts at predetermined rates that are negotiated with the University's federal cognizant agency. Both direct and indirect costs charged to the grants or contracts are subject to audit and approval by the granting agencies. WBGU-TV and University management believes any adjustments of costs resulting from such examination by the granting agency would be insignificant.

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

Independent Auditor's Report

To Management and the Audit Committee,
and the Board of Trustees
WBGU-TV

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WBGU-TV (the "Station"), a public telecommunications department within Bowling Green State University, which comprise the statements of net position as of June 30, 2018 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WBGU-TV'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 Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station'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 Station's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To Management and the Audit Committee,
and the Board of Trustees
WBGU-TV

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station'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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 25, 2018

WBGU

Required Supplemental Information

Schedule of Pension Funding Progress

	WBGU 2018 OPERS
Plan year end	December 31, 2017
Proportion of the plan's collective net pension liability:	
As a percentage	0.0032%
Amount	$ 503,205
Covered employee payroll	$ 901,315
Proportionate share of the plan's collective pension liability (amount) as a percentage of the covered employee payroll	55.83%
Fiduciary net position as a percentage of the total pension liability	84.85%

Schedule of Contributions

	2018 OPERS December 31, 2017
Statutorily required contribution	$ 132,200
Contributions in relation to the actuarily determined contractually required contribution	$ 132,200
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 957,312
Contributions as a percentage of covered employee payroll	13.81%

Schedule of Pension Funding Progress

	2017 OPERS
Plan year end	December 31, 2016
Proportion of the plan's collective net pension liability:	
As a percentage	0.0031%
Amount	$ 711,869
Covered employee payroll	$ 897,763
Proportionate share of the plan's collective pension liability (amount) as a percentage of the covered employee payroll	79.29%
Fiduciary net position as a percentage of the total pension liability	77.38%

Schedule of Contributions

	2017 OPERS December 31, 2016
Statutorily required contribution	$ 120,942
Contributions in relation to the actuarily determined contractually required contribution	$ 120,942
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 874,882
Contributions as a percentage of covered employee payroll	13.82%

Schedule of Pension Funding Progress

		2016 OPERS
Plan year end		December 31, 2015
Proportion of the plan's collective net pension liability:		
As a percentage		0.0032%
Amount	$	553,986
Covered employee payroll	$	1,003,876
Proportionate share of the plan's collective pension liability (amount), as a percentage of the covered employee payroll		55.18%
Fiduciary net position as a percentage of the total pension liability		81.19%

Schedule of Contributions

		2016 OPERS December 31, 2015
Statutorily required contribution	$	126,782
Contributions in relation to the actuarily determined contractually required contribution	$	126,782
Contribution deficiency (excess)	$	-
Covered employee payroll	$	919,095
Contributions as a percentage of covered employee payroll		13.79%

Schedule of Pension Funding Progress

		2015 WBGU
Plan year end		December 31, 2014
Proportion of plan's collective net pension liability		
As a percentage		0.0034%
Amount	$	409,644
Covered employee payroll	$	1,154,672
Proportionate share of plan's collective pension liability		
amount as a percentage of covered employee payroll		35.48%
Fiduciary net position as a percentage of total pension liability		86.53%

Schedule of Contributions

		2015 WBGU December 31, 2014
Statutorily required contribution	$	150,884
Contribution in relation to the actuarily determined		
contractually required contribution	$	150,884
Contribution deficiency (excess)	$	-
Covered employee payroll	$	1,099,481
Contributions as a percentage of covered employee payroll		13.72%

WBGU

Required Supplemental Information

Notes to required supplemental information:

Changes of benefit terms: There were no changes in benefit terms affecting the OPERS plan.

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

Schedule of OPEB Funding Progress

Plan year end	2018 WBGU OPERS December 31, 2017
Proportion of the plan's collective net OPEB liability:	
As a percentage	0.0026%
Amount	281,385
Covered employee payroll	900,265
Proportionate share of the plan's collective OPEB liability (amount) as a percentage of the covered employee payroll	31.26%
Fiduciary net position as a percentage of the total OPEB liability	77.25%

Schedule of Contributions

	WBGU OPERS December 31, 2017
Statutorily required contribution	10,148
Contributions in relation to the actuarily determined contractually required contribution	10,148
Contribution deficiency (excess)	-
Covered employee payroll	957,312
Contributions as a percentage of covered employee payroll	1.06%

Dave Yost • Auditor of State

BOWLING GREEN STATE UNIVERSITY- WBGU- TV

WOOD 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
NOVEMBER 27, 2018