WTIU

A Public Telecommunications Entity Operated as a Department of Indiana University

Financial Report

with Supplemental Information

June 30, 2021

Contents

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Independent Auditor's Report

To the Officials
WTIU

Report on the Financial Statements

We have audited the accompanying financial statements of WTIU (the "Station"), a department of Indiana University, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise WTIU'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. 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.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of WTIU as of June 30, 2021 and the changes in its financial position and its cash flows, where applicable, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements of WTIU are intended to present the financial position, changes in financial position, and changes in cash flows of only that portion of the University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2021 and 2020 or the changes in its financial position or its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Officials
WTIU

Other Matters

Report on Prior Year Financial Statements

The basic financial statements of WTIU as of and for the year ended June 30, 2020 were audited by a predecessor auditor, which expressed an unmodified opinion the basic financial statements. The predecessor auditor's report was dated February 8, 2021.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Station's proportionate share of the net pension liability, schedule of pension contributions, and schedule of changes in the total OPEB liability and related ratios 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.

Plante & Moran, PLLC

February 7, 2022

WTIU (the Station) presents its audited financial statements for the year ended June 30, 2021, along with comparative data for the years ended June 30, 2020 and 2019. Three statements are described in the following discussion and analysis: The Statement of Net Position, which presents the assets, liabilities, and net position of the Station as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the Station by major category during the fiscal year.

Statement of Net Position

Total assets at June 30, 2021, were $6,764,127, an increase of $178,569, which was primarily attributable to an increase in cash and cash equivalents, which offset decreases in grant receivables and capital assets. Cash and cash equivalents increased principally due to the timing of cash inflows and outflows related to the Federal Communication Commission’s Broadcast Incentive Auction Program (FCC Repack Program), which began winding down in fiscal year 2021. See Note 10 for more details on the FCC Repack Program. Net investment in capital assets comprised $4,025,792, or 59.5%, of the total assets. Total assets at June 30, 2020, were $6,585,558, an increase of $1,820,123 from 2019, primarily due to an increase in funding provided through foundation contributions to help defray capitalized transmitter construction costs related to “repacking of the television spectrum”.

Deferred outflows of resources at June 30, 2021 were $154,017 a decrease of $3,094 from June 30, 2020. Deferred outflows of resources at June 30, 2020 were $157,111 a decrease of $46,188 from June 30, 2019. Changes in deferred outflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total liabilities were $1,060,442 at June 30, 2021, an increase of $33,183. Noncurrent liabilities were $614,061, or approximately 57.9% of total liabilities at June 30, 2021. Total liabilities $1,027,259 at June 30, 2020, a decrease of $415,633. Noncurrent liabilities, as reclassified, were $738,816, or approximately 71.9% of total liabilities at June 30, 2020.

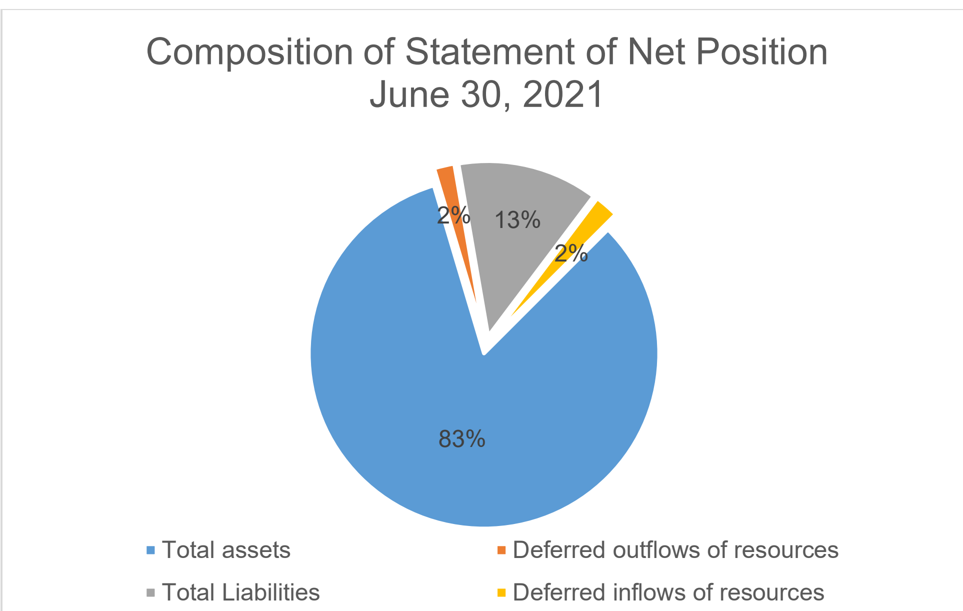
Deferred inflows of resources at June 30, 2021 were $182,056, an increase of $24,416 from June 30, 2020. Deferred inflows of resources at June 30, 2020 were $157,640, an increase of $79,276 from June 30, 2019. Changes in deferred inflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total net position at June 30, 2021, was $5,675,646, an $117,876, or 2.1%, increase from the prior year, which was primarily due to the increase in cash and cash equivalents discussed above. Total net position at June 30, 2020, was $5,557,770, a $2,110,292, or 61.2%, increase from the prior year.

A comparison of WTIU's assets, liabilities, and net position at June 30, 2021, 2020 and 2019 is summarized as follows:

Condensed Statement of Net Position						
			Fiscal Year Ended			
		June 30, 2021		*June 30, 2020*		*June 30, 2019*
Current assets	$	2,738,335	$	2,057,153	$	1,080,060
Noncurrent assets		4,025,792		4,528,405		3,685,375
Total assets		**6,764,127**		**6,585,558**		**4,765,435**
Deferred outflows of resources		**154,017**		**157,111**		**203,299**
Current Liabilities, as restated		446,381		288,443		515,060
Noncurrent Liabilities, as restated		614,061		738,816		927,832
Total Liabilities		**1,060,442**		**1,027,259**		**1,442,892**
Deferred inflows of resources		**182,056**		**157,640**		**78,364**
Net investment in capital assets		4,025,792		4,528,405		3,685,375
Restricted net position		11,027		1,291		54,550
Unrestricted net position		1,638,827		1,028,074		(292,447)
Total net position	$	**5,675,646**	$	**5,557,770**	$	**3,447,478**

The composition of assets, deferred outflows, liabilities, and deferred inflows is displayed below as of June 30, 2021.



Capital Assets

At June 30, 2021, June 30, 2020, and June 30, 2019, the Station had $4,025,792, $4,528,405, and $3,685,375, respectively, invested in capital assets, net of accumulated depreciation. Depreciation charges for the fiscal years ended June 30, 2021, June 30, 2020, and June 30, 2019, totaled $578,190, $536,843, and $375,678, respectively.

Details of these assets are shown below:

Capital Assets						
	Fiscal Year Ended					
		June 30, 2021		June 30, 2020		June 30, 2019
Transmission, antenna, and tower	$	2,162,986	$	2,388,229	$	1,260,444
Studio and other broadcast equipment		1,734,649		2,007,512		2,287,616
Building components		128,157		132,664		137,315
Total capital assets, net	**$**	**4,025,792**	**$**	**4,528,405**	**$**	**3,685,375**

Statement of Revenues, Expenses, and Changes in Net Position

A summarized comparison of WTIU's revenues, expenses, and changes in net position is presented below:

Condensed Statement of Revenue, Expenses, and Changes in Net Position						
	Fiscal Year Ended					
		June 30, 2021		June 30, 2020		June 30, 2019
Operating revenues	$	1,862,040	$	2,003,232	$	2,604,130
Operating expenses		(7,402,251)		(8,868,441)		(8,390,459)
Total operating loss		**(5,540,211)**		**(6,865,209)**		**(5,786,329)**
Net Nonoperating revenue		5,515,795		8,158,981		6,065,761
Income before other revenues		(24,416)		1,293,772		279,432
Capital grant		142,292		816,520		638,001
Increase in net position		**117,876**		**2,110,292**		**917,433**
Net position, beginning of year		5,557,770		3,447,478		2,530,045
Prior period adjustments		-		-		-
Net position, beginning of year, as restated		5,557,770		3,447,478		2,530,045
Net position, end of year	**$**	**5,675,646**	**$**	**5,557,770**	**$**	**3,447,478**

Revenues

Operating revenues at WTIU-TV for the June 30, 2021 fiscal year decreased by 7.0% from the previous year, which was primarily attributable to a reduction in contractual services performed for Indiana University auxiliary units.

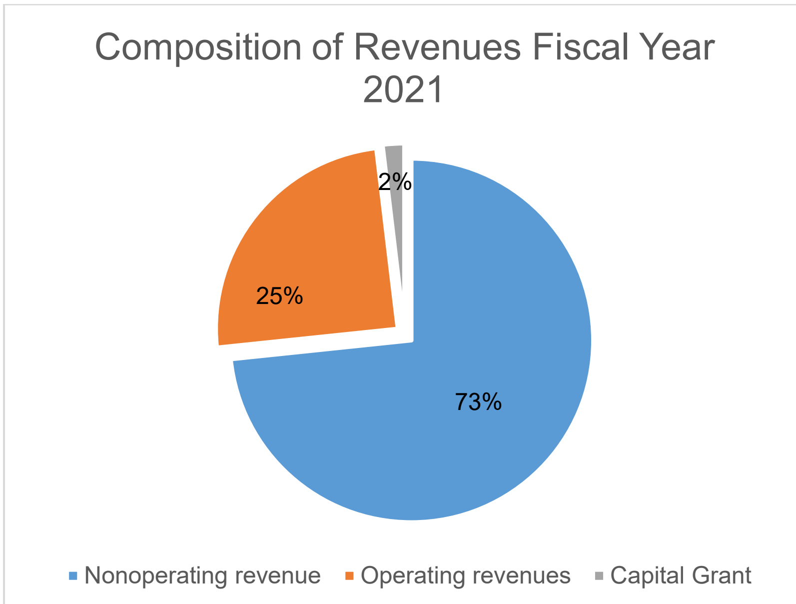
Operating revenues at WTIU-TV for the June 30, 2020 fiscal year decreased by 23.1% from the previous year, primarily due to completion and winding down of work done for Community Access TV Services, coupled with a reduction in services performed for Indiana University auxiliaries.

Net nonoperating revenues for the June 30, 2021 fiscal year decreased 32.4%, driven primarily by a decrease in contributions from the Indiana University Foundation (IUF), in addition to a decrease in general fund support from Indiana University (university). These decreases largely reflected the decline in expenditures related to the FCC Repack Program, which corresponded to a decreased need in funding from IUF and the university.

Net nonoperating revenues for the June 30, 2020 fiscal year increased 34.5%, primarily due to an increase in CPB and corporate and foundation contributions.

Total revenues of the Station in fiscal year 2021 decreased by $3,458,606, a decrease of 31.5%. Total revenue of the Station in fiscal year 2020 increased by $1,670,841, an increase of 18.0%.

The composition of revenues are displayed in the following graph:



Expenses

Operating expenses were $7,402,251 for the 2021 fiscal year. This was a decrease over the previous fiscal year of $1,466,190, or 16.5%. Changes in the major categories of expenses were:

For all functional areas:

- Professional and support staff, on average, did not receive an annual raise for the fiscal year ended June 30, 2021. The professional staff fringe benefit rate decreased from 39.31% to 39.11%. The support staff fringe benefit rate decreased from 39.99% to 39.86%.
- A review of the methodology for the allocation of functional expenses was performed for fiscal year ended June 30, 2021. As a result, some expenses were reallocated between functions and stations.

For specific functional areas:

- Programming and production costs decreased $1,107,206, or 20.6%, which was primarily attributable to the reallocation of non-programming expenses (i.e. dues and assessments) to the management and general expense functions. In addition, COVID-19 related restrictions continued to soften demand for production services, which resulted in reductions to correlated programming and production expenses.
- Broadcasting costs decreased $894,506, or 45.4%. Broadcasting expenses were elevated in fiscal year 2020 due the transmittal line fire, as well as upgrades to transmitter equipment. The reduction in expenses reflects that most of this work was completed in fiscal year ended June 30, 2020.

- Public information and promotion expenses decreased $35,773, or 6.5%. Community events and promotions continued to see reductions in activities due to COVID-19 associated restrictions.
- Management and general expenses increased $504,610, or 95.5%. The increase was partially attributable to the hiring of an Executive Director on November 30, 2020. In addition, non-programming expenses (i.e. dues and assessments) were reallocated from programming and production, which increased the overall management and general functional expenses.
- Fundraising, membership development, and underwriting solicitation costs increased $66,685, or 14.4%.The increase is commensurate with the increase in contributions.

Operating expenses were $8,868,441 for the 2020 fiscal year. This was an increase over the previous fiscal year of $477,982, or 5.7%. Changes in the major categories of expenses were:

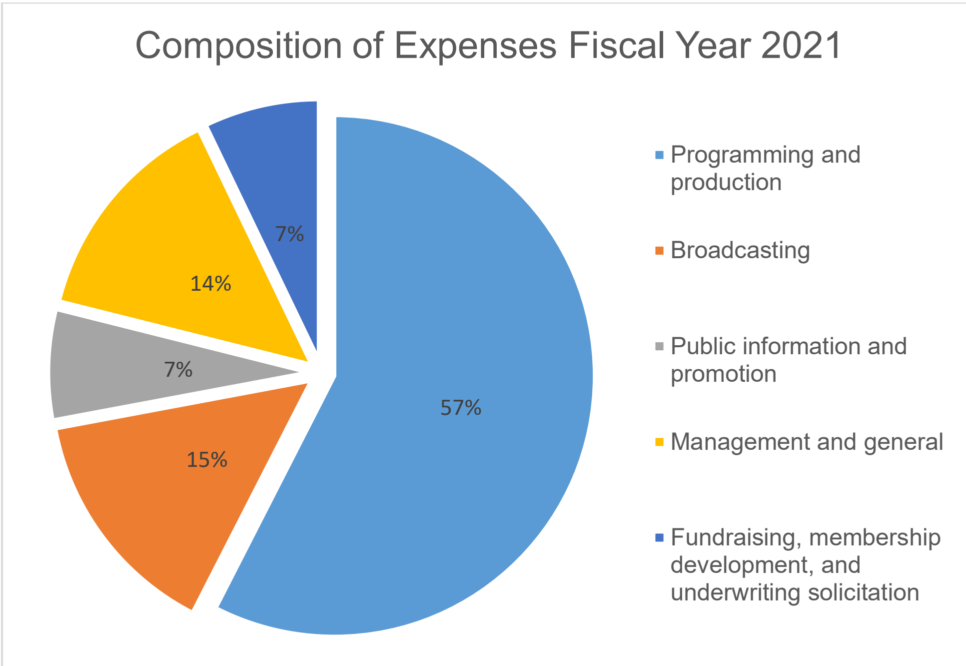
For all functional areas:

- Professional and support staff received an average 1.5% salary increase. The professional staff fringe benefit rate increased from 38.09% to 39.31%. The support staff fringe benefit rate increased from 38.60% to 39.99%.

For specific functional areas:

- Programming & production costs decreased $88,118, or 1.6%. The university’s demand for production services declined on all campuses as commencement ceremonies and other events were cancelled or curtailed due to COVID-19 restrictions. Related Station expenses for shop, equipment rental, and travel decreased as a result.
- Broadcasting costs increased $543,649, or 38.1%. A transmitter line fire and the resulting uninsured portion of replacement costs, along with television spectrum repack work, contributed to increased costs.
- Public information and promotion expenses decreased $128,413, or 19.1%. The promotion budget was trimmed due to the unbudgeted expenses related to the transmitter line fire. A reduction in community events due to COVID-19 also contributed to the decrease.
- Management and general expenses increased $24,777, or 4.9%. The increase is commensurate with the overall increase in operating expenses.
- Fundraising, membership development, and underwriting solicitation costs increased $126,088, or 37.6%. The increase is commensurate with the increase in contributions.

The composition of total expenses, including operating and nonoperating, are displayed below by major category:



Net Position

The net increase in net position was $117,876 in 2021. The operating loss decreased $1,324,998, or 19.3%, from the previous fiscal year and the net nonoperating revenues decreased by $2,643,186 or 32.4%. The ending net position was $5,675,646 compared to ending net position in 2020 of $5,557,770. This was a 2.1% increase in net position.

The net increase in net position was $2,110,292 in 2020. The operating loss increased $1,078,880, or 18.6%, from the previous fiscal year and the net nonoperating revenues decreased by $2,271,738, or 33.9%. The ending net position was $5,557,770 compared to ending net position in 2019 of $3,447,478. This was a 61.2% increase in net position.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the Station by providing relevant information about the cash receipts and cash payments of the Station during a certain period. The statement assists in determining whether the Station has the ability to generate future net cash flows to meet its obligations as they come due, and to determine the need for external financing.

A summarized comparison of WTIU's changes in cash and cash equivalents is presented below:

Comparative Statement of Cash Flows						
	Fiscal Year Ended					
		June 30, 2021		*June 30, 2020*		*June 30, 2019*
Net cash provided (used) by:						
Operating activities	$	(3,982,147)	$	(5,419,340)	$	(4,309,479)
Noncapital financing activities		5,093,194		7,853,098		5,233,730
Capital and related financing activities		(75,577)		(1,379,874)		(1,645,682)
Net increase (decrease) in cash and cash equivalents		1,035,470		1,053,884		(721,431)
Beginning cash and cash equivalents		1,471,808		417,924		1,139,355
Ending cash and cash equivalents	**$**	**2,507,278**	**$**	**1,471,808**	**$**	**417,924**

From fiscal year 2020 to 2021, cash used by operating activities decreased by $1,437,193. This was primarily attributable to a decrease in payments to vendors due to a reduction in repair and contract expenses that were elevated in fiscal year 2020 related to a transmitter line fire, as well as upgrades to transmitter equipment. Additionally, payments to vendors decreased due to the winding down of the FCC Repack Program. From fiscal year 2019 to 2020, cash used by operating activities increased by $1,109,861. This increase is primarily the result of the reduction in sales and services performed for other university schools and auxiliaries, as well as outside entities, in addition to an increase in payments to vendors.

From fiscal year 2020 to 2021, cash flows provided by noncapital financing activities decreased by $2,759,904, which is primarily due to a decline in Indiana University Foundation contributions, in addition to a reduction in general fund support from Indiana University. Decreases were primarily attributable to the decline in capital and non-capital expenditures related to the FCC Repack Program, which reduced the need for funding support from IUF and the university. From fiscal year 2019 to 2020, cash flows provided by noncapital financing activities increased by $2,619,368, primarily due to increases in amounts received for capital grants and contributions.

From fiscal year 2020 to 2021, cash used by capital and related financing activities was $75,577, a decrease of $1,304,297, which is primarily due to a decline in capital assets procured as part of the FCC Repack Program. From fiscal year 2019 to 2020, cash used by capital and related financing activities was $1,379,874, a decrease of $265,808, primarily due a reduction in capitalized costs related to sales and services activities.

There was a net increase of $1,035,470 and a net increase of $1,053,884 in cash and cash equivalents in 2021 and 2020, respectively.

<u>Economic Outlook</u>

WTIU has been successful in navigating the challenges brought on by the COVID-19 pandemic. The Station is productive while continuing to serve the public with quality public television programming and engagement. People continue to turn to WTIU for the best national and local children's programming, news, documentaries, and arts & civic programming. Viewership has increased as people are home more and choose to watch television.

On the revenue side, WTIU continues to receive strong support from the State of Indiana, the Corporation of Public Broadcasting, and Indiana University. Locally, WTIU has seen an increase in membership revenue as the result of the increased viewership. The Station expects membership revenue to level off during the next year. One of the revenue areas that continues to struggle is corporate development. Underwriting clients continue to feel the effects of the current business environment and have temporarily decreased their support of WTIU. However, the Station expects to meet its fiscal year goals as conditions begin to improve.

WTIU continues to ensure its programming is accessible on all available platforms, including over-the-air broadcast, cable, satellite, on demand (PBS Passport), discs, and YouTube TV (OTT app). The Station will soon be adding live web streaming of the primary WTIU 30.1 signal.

Capital expenditures continue to be a priority for WTIU. The Station continues to execute their planned equipment refresh, but struggle at times to keep ahead of the needs. It is expected capital purchases will ramp up over the next few years. Future capital expenditures will include replacing aged equipment in the primary control room, studio, and post-production suites.

Looking ahead, WTIU is developing a new three-year strategic plan with the new Executive Director that will help with the challenges of adapting to ever-changing technology needs and consumer behavior. The plan will be built around producing more local content and delivering it to viewers through a growing number of distribution platforms. The Station will also focus on the challenges of recruiting and retaining quality staff and creating a culture that promotes diversity, equity, and inclusion.

Statement of Net Position

June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 2,507,278	$ 1,471,808
Receivables:		
Grants receivables	97,110	514,391
Other receivables	53,612	46,202
Prepaid expenses and other assets - Prepaid expenses	80,335	24,752
Total current assets	2,738,335	2,057,153
Noncurrent assets - Capital assets - Net (Note 4)	4,025,792	4,528,405
Total assets	6,764,127	6,585,558
Deferred Outflows of Resources		
Deferred pension costs (Note 7)	43,476	37,081
Deferred OPEB costs (Note 8)	110,541	120,030
Total deferred outflows of resources	154,017	157,111
Liabilities		
Current liabilities:		
Accounts payable	117,926	16,165
Accrued liabilities and other:		
Accrued salaries and wages	53,606	53,154
Compensated absences (Note 6)	233,632	170,611
Current portion of total OPEB obligations (Note 8)	41,217	48,513
Total current liabilities	446,381	288,443
Noncurrent liabilities:		
Compensated absences (Note 6)	137,779	193,742
Net pension liability (Note 7)	159,645	191,303
Total OPEB obligation (Note 8)	316,637	353,771
Total noncurrent liabilities	614,061	738,816
Total liabilities	1,060,442	1,027,259
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 7)	43,604	36,107
Deferred OPEB cost reductions (Note 8)	138,452	121,533
Total deferred inflows of resources	182,056	157,640
Net Position		
Net investment in capital assets	4,025,792	4,528,405
Restricted for expendable station activities	11,027	1,291
Unrestricted	1,638,827	1,028,074
Total net position	**$ 5,675,646**	**$ 5,557,770**

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Facility sales and services	$ 1,781,120	$ 1,976,627
Other grants	35,769	15,080
Event income	-	4,432
Royalty income	45,151	7,093
Total operating revenue	1,862,040	2,003,232
Operating Expenses		
Program services - Programming and production	4,258,474	5,365,680
Program services - Broadcasting	1,075,521	1,970,027
Program services - Public information and promotion	507,050	542,823
Support services - Management and general	1,032,815	528,205
Support services - Fundraising, membership development, and underwriting solicitation	528,391	461,706
Total operating expenses	7,402,251	8,868,441
Operating Loss	(5,540,211)	(6,865,209)
Nonoperating Revenue		
General Fund support from Indiana University - Bloomington campus	2,190,791	2,593,520
Donated facilities and administrative support from Indiana University	906,728	1,070,281
Appropriation from State of Indiana, Illinois	331,207	389,509
CPB contributions	1,667,542	1,398,465
Individual contributions	358,346	279,608
Corporate/Foundation contributions	46,181	2,389,961
In-kind support - Other	15,000	37,637
Total nonoperating revenue	5,515,795	8,158,981
(Loss) Income - Before other revenue	(24,416)	1,293,772
Capital Grants and Gifts	142,292	816,520
Change in Net Position	117,876	2,110,292
Net Position - Beginning of year	5,557,770	3,447,478
Net Position - End of year	**$ 5,675,646**	**$ 5,557,770**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Other grants	$ 35,769	$ 15,080
Facility sales and services	1,773,709	1,935,540
Payments to employees	(3,766,014)	(3,962,698)
Payments to vendors	(2,070,762)	(3,418,788)
Other receipts	45,151	11,526
Net cash and cash equivalents used in operating activities	(3,982,147)	(5,419,340)
Cash Flows from Noncapital Financing Activities		
General Fund support from Indiana University - Bloomington campus	2,136,586	2,593,520
Appropriation from State of Indiana	331,207	389,509
Contributions	2,065,828	3,929,939
Capital grants and gifts	559,573	940,130
Net cash and cash equivalents provided by noncapital financing activities	5,093,194	7,853,098
Cash Flows Used in Financing Activities - Purchase of capital assets	(75,577)	(1,379,874)
Net Increase in Cash and Cash Equivalents	1,035,470	1,053,884
Cash and Cash Equivalents - Beginning of year	1,471,808	417,924
Cash and Cash Equivalents - End of year	**$ 2,507,278**	**$ 1,471,808**
Cash and Cash Equivalents - Cash and investments	**$ 2,507,278**	**$ 1,471,808**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (5,540,211)	$ (6,865,209)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	578,190	536,843
Donated facilities and administrative support from Indiana University	906,728	1,070,281
In-kind - Other	15,000	37,636
Corporate/Foundation in-kind	6,241	13,294
General Fund support - Compensation	54,206	-
Changes in assets and liabilities:		
Other receivables	(7,411)	(41,087)
Prepaid expense and other assets	(55,583)	(5,732)
Accounts payable	101,761	(74,261)
Accrued payroll	452	53,154
Compensated absences	7,058	(30,270)
Net pension liability and related deferrals	(30,556)	(37,376)
Other postemployment liability and related deferrals	(18,022)	(19,920)
Accrued and other liabilities	-	(56,693)
Total adjustments	1,558,064	1,445,869
Net cash and cash equivalents used in operating activities	**$ (3,982,147)**	**$ (5,419,340)**

See notes to financial statements.

Note 1 - Nature of Business

WTIU (the "Station") is a public television station operated by the Radio and Television Services Department of Indiana University (the "University") on behalf of the trustees of the University.

The financial statements reflect only the activity of the Station and are not intended to present fairly the position of the University or the results of its operations and cash flows.

Note 2 - Significant Accounting Policies

Related Organization

The Indiana University Foundation, Inc. (the "IU Foundation") is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the University by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the University. The IU Foundation receives both general contributions and membership contributions on behalf of the Station and provided support totaling $14,911 and $2,333,187 to the Station during fiscal years 2021 and 2020, respectively.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements have been prepared by the Station as a special-purpose government entity engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Interfund transactions within the Station have been eliminated in the financial statements. The Station follows all applicable GASB pronouncements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of 90 days or less that bear little or no market risk.

Grants Receivable and Other Receivables

Grants receivable are amounts due from external granting entities. Other receivables consist primarily of amounts due from customers. Management reviews grant accounts to determine the need for an allowance for uncollectible accounts. Management has determined no allowance is necessary for June 30, 2021 and 2020.

Prepaid Expenses

Prepaid expenses consist primarily of contract payments that were paid for in the current period.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

The capitalization threshold for capital assets is $5,000 or greater and a useful life in excess of one year. Capital assets are recorded at cost at the date of purchase or acquisition value at the date of contribution in the case of gifts. Donated capital assets from the University are recorded by the Station at net book value of the University. Depreciation expense is computed using the straight-line method over the following estimated useful lives:

	Depreciable Life - Years
Transmission, antenna, and tower	5-15
Studio and other broadcast equipment	3-10
Building components	40

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require a further exchange of goods or services.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist primarily of amounts due for accrued payroll and other operating expenses.

Compensated Absences

Liabilities for compensated absences are recorded for vacation leave based on actual earned amounts for eligible employees who qualify for termination payments. Liabilities for sick leave are recorded for employees who are eligible for and have earned termination payments for accumulated sick days upon termination or retirement.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period but do not require a further exchange of goods or services.

Operating and Nonoperating Revenue

Operating revenue consists of production sales and services, royalties, auction revenue, special event revenue, and miscellaneous grants for operating activities. All other revenue is included as nonoperating revenue. Nonoperating revenue includes significant revenue sources that are relied upon for operations, such as the community service grant from the Corporation for Public Broadcasting (CPB), the IU Foundation's contributions, university appropriations, and state appropriations. The CPB grants have been classified as contribution (nonexchange) revenue.

Revenue Recognition

<u>Unrestricted</u>

Unrestricted contributions, pledges, and grants are recorded as revenue when received.

Note 2 - Significant Accounting Policies (Continued)

Restricted

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenue when received and reclassified to unrestricted net position when the Station has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet spent are reported as restricted net position.

General Fund Support

The Station receives support from the University's Bloomington campus in the form of an annual General Fund allocation to the Station, which may be used for capital or noncapital expenditures. This category also includes any additional allocations from the Bloomington provost and expenditures made by other departments for the direct benefit of the Station.

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual community service grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years, as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization. CSGs are reported on the statement of revenue, expenses, and changes in net position in CPB contributions.

Functional Allocation of Expenses

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

Net Position

Net position is the residual of all other elements presented in the statement of net position and is classified into three major categories:

- Net investment in capital assets consists of the University's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation.
- Restricted net position consists of amounts subject to externally imposed restrictions by third parties governing usage and must be spent according to the restrictions.
- Unrestricted net position includes amounts institutionally designated or committed to support specific purposes. Unrestricted resources are not subject to externally imposed restrictions and are primarily used for station operational expenses. When an expense is incurred for which both restricted and unrestricted resources are available, the Station's policy is to apply restricted resources first.

Income Taxes

The Station, operating as a department of the University, is exempt from federal income tax except on activities unrelated to its exempt purpose as an integral part of the State of Indiana. There was no required provision for income taxes for fiscal years 2021 and 2020.

Note 2 - Significant Accounting Policies (Continued)

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak continues to impact millions with a new variant named omicron. In response, many countries implemented measures to combat the outbreak that impacted business operations globally. The COVID-19 global pandemic has been an unexpected economic factor that is affecting the Station and is expected to continue financially affecting the Station throughout the 2021-2022 fiscal year. The Station received Coronavirus Aid, Relief, and Economic Security (CARES) Act emergency stabilization funds in fiscal year 2020 of $260,205. The Station also $532,042 in fiscal year 2021 from the American Rescue Plan Act available to support the Station. This federal support is one-time funding, so it will be critical that the Station continue to grow support from other sources.

Reclassification

The 2020 current and long-term net OPEB liability balances have been reclassified to conform to the current year presentation. The effect on the 2020 balances was to reclassify $48,513 from long-term liabilities to current liabilities. There was no effect on net position or net income resulting from this reclassification.

Note 3 - Deposits and Investments

WTIU maintains no directly held bank accounts. Rather, the Station’s funds are held and managed by the University. The University has an investment policy statement. The investment policy ultimately determines the credit risk for the Station. The Station’s demand deposits were held at Indiana University in the amount of $2,507,278 and $1,471,808 at June 30, 2021 and 2020, respectively.

The Station's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Station's deposits may not be returned to it. The Station does not have a formal deposit policy for custodial credit risk.

Statutory Authorization for Investments

The University's board of trustees has acknowledged responsibility as a fiduciary body for the invested assets of the University. Indiana Code 30-4-3-3 requires the trustees to “exercise the judgment and care required by Indiana Code 30-4-3.5,” the Indiana Uniform Prudent Investor Act. That Act requires the trustees to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.” The trustees have the responsibility to ensure the assets are prudently invested in a manner consistent with the University’s investment policy. The trustees have delegated the day-to-day responsibilities of overseeing the investment program to the Office of the Treasurer. As of June 30, 2021 and 2020, the Station did not hold any investments.

Note 4 - Capital Assets

Capital asset include both purchased and donated assets. There were no donated capital assets during fiscal years 2021 and 2020. Capital asset activity for the years ended June 30, 2021 and 2020 were as follows:

	Balance July 1, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets being depreciated:				
Building components	$ 151,638	$ -	$ -	$ 151,638
Transmission, antenna, and tower	4,141,183	30,211	-	4,171,394
Studio and other broadcast equipment	5,957,298	45,366	(243,033)	5,759,631
Subtotal	10,250,119	75,577	(243,033)	10,082,663
Accumulated depreciation:				
Building components	18,974	4,507	-	23,481
Transmission, antenna, and tower	1,752,954	255,454	-	2,008,408
Studio and other broadcast equipment	3,949,786	318,229	(243,033)	4,024,982
Subtotal	5,721,714	578,190	(243,033)	6,056,871
Net capital assets	$ 4,528,405	$ (502,613)	$ -	$ 4,025,792

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets being depreciated:				
Building components	$ 151,638	$ -	$ -	$ 151,638
Transmission, antenna, and tower	4,563,661	1,328,488	(1,750,966)	4,141,183
Studio and other broadcast equipment	6,169,671	51,385	(263,758)	5,957,298
Subtotal	10,884,970	1,379,873	(2,014,724)	10,250,119
Accumulated depreciation:				
Building components	14,323	4,651	-	18,974
Transmission, antenna, and tower	3,303,217	200,703	(1,750,966)	1,752,954
Studio and other broadcast equipment	3,882,055	331,489	(263,758)	3,949,786
Subtotal	7,199,595	536,843	(2,014,724)	5,721,714
Net capital assets	$ 3,685,375	$ 843,030	$ -	$ 4,528,405

Depreciation expense was charged to programs of the primary government as follows:

	2021	2020
Business-type activities:		
Programming and production	$ 318,229	$ 331,489
Broadcasting	255,454	200,703
Management and general	4,507	4,651
Total business-type activities	$ 578,190	$ 536,843

Note 4 - Capital Assets (Continued)

For capital assets partially financed with U.S. Department of Commerce NTIA/PTFP grants, the federal government requires a 10-year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the capital asset for a 10-year period (dating from the PTFP's approval of the final inventory for the grant) in case the Station defaults on the terms and conditions of the grant. The capital assets against which the federal government has a lien are as follows:

Capital Assets	DOC Grant Number	Original Cost	Lien Through
High-definition conversion - Production	18-02-N09157	$ 132,383	06/2021
(Remote) production - HD cam upgrade	18-02-N10060	387,718	06/2022

Note 5 - Indiana University Donated Facilities and Administrative Support

Administrative support from the University consists of institutional support, donated facilities, and physical plant operations. These are included as revenue and expense in the statement of revenue, expenses, and changes in net position.

Institutional support from the University is estimated at $409,760 and $461,446 for the fiscal years ended June 30, 2021 and 2020, respectively, and is computed using operating expenses as the base.

Physical plant support from the University is estimated at $353,726 and $466,352 for the fiscal years ended June 30, 2021 and 2020, respectively. This represents the Station's pro rata share of allowable physical plant costs not allocated by the University based on gross square feet.

The value of the University's donated facilities is calculated on the Annual Value Computations for Buildings and Tower Facilities form provided by the Corporation for Public Broadcasting. For the renovated radio and TV building for fiscal years ended June 30, 2021 and 2020, the total for the Station was $134,914. For the new roof and satellite dish mount on the Radio and TV building for fiscal years ended June 30, 2021 and 2020, the totals for the Station were $8,328 and $7,569, respectively. No value is claimed for the transmitter building because its remaining useful life is zero.

Note 6 - Compensated Absences

Compensated absences activity for the years ended June 30, 2021 and 2020 can be summarized as follows:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	$ 364,353	$ 80,377	$ (73,319)	$ 371,411	$ 233,632

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	$ 394,624	$ 29,856	$ (60,127)	$ 364,353	$ 170,611

Note 7 - Retirement Plans

The Station's appointed employees are covered by the same retirement plans as other employees of the University. Complete details of these plans can be found in the Indiana University annual financial report, which can be located on the Indiana University website: https://vpcfo.iu.edu/resources/annual-reports.html.

Note 7 - Retirement Plans (Continued)

The required contributions are pooled at the university level and charged to the Station at a predetermined percentage set for the fiscal year as each covered employee is paid. The Station does not have any funding obligation once an employee retires.

Nonexempt staff retirement plan expenses for the years ended June 30, 2021 and 2020 were $63,634 and $68,345, respectively. Exempt staff retirement plan expenses for the years ended June 30, 2021 and 2020 were $232,968 and $230,844, respectively.

Retirement and Savings Plan

All support and service employees with at least a 50 percent full-time equivalent (FTE) appointment and temporary with retirement employees scheduled to work at least 900 hours or more in a calendar year hired on or after July 1, 2013 participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a) with two distinct contribution provisions.

Academic and Professional Staff Employees

Appointed academic and professional staff employees with at least 50 percent FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b) with four contribution levels. In addition, the University provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. The IU 18/20 Retirement Plan allows this group of employees to retire as early when the as individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service.

Indiana Public Employees' Retirement Fund

The University contributes to the Indiana Public Employees’ Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees.

There are two tiers to the PERF Plan. The first is the Public Employees’ Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice: Retirement Savings Plan for Public Employees (My Choice), formerly known as Public Employees’ Annuity Savings Account Only Plan (PERF ASA Only Plan). The University participates in the PERF Hybrid Plan. The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS board of trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and Title 35 of the Indiana Administrative Code. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension. The second portion of the PERF Hybrid Plan benefit structure is the defined contribution component, known as Public Employees’ Hybrid Members Defined Contribution Account. Both components are funded by employer contributions. Support staff and temporary employees who normally work at least 50 percent FTE appointment and were hired prior to July 1, 2013 participate in the PERF Hybrid Plan. There were 1,983 and 2,210 active university-wide employees covered by this retirement plan as of June 30, 2021 and 2020, respectively.

Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1 percent, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least 10 years of PERF creditable service to have a vested right to the defined pension benefit. The defined contribution account consists of contributions set by state statute at 3.0 percent of compensation plus the earnings credited to members’ accounts. Participants are 100 percent vested from inception in the defined contribution account.

Note 7 - Retirement Plans (Continued)

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. INPRS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The INPRS Comprehensive Annual Financial Report for 2020 may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204; by calling 1-844-464-6777; or by downloading the annual report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the Station totaled $33,115 and $35,593 for fiscal years ended June 30, 2021 and 2020, respectively. This represented an 11.2 percent university pension benefit contribution for fiscal years ended June 30, 2021 and 2020 and a 3.0 percent university contribution for the annuity savings account provisions each year.

Net Pension Liability

At June 30, 2021 and 2020, the Station reported a liability of $159,645 and $191,303, respectively, for its proportionate share of the University's net pension liability. For June 30, 2021, the net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020. For June 30, 2020, the net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2019. The Station's proportion of the net pension liability was based on wages reported by the Station relative to the collective wages of the University reported to the plan. At June 30, 2021 and 2020, the Station’s proportion was 0.274 percent and 0.293 percent, respectively, which was a decrease of 0.019 percentage points from its proportion measured as of June 30, 2020 and a decrease of 0.058 percentage points from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2021 and 2020, the Station recognized pension expense of $2,562 and $3,264, respectively.

Note 7 - Retirement Plans (Continued)

At June 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,829	$ 2,142	$ 5,066	$ -
Changes in assumptions	-	33,260	43	20,797
Net difference between projected and actual earnings on pension plan investments	13,662	-	-	9,042
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,189	8,202	2,791	6,268
The Station's contributions to the plan subsequent to the measurement date	25,796	-	29,181	-
Total	$ 43,476	$ 43,604	$ 37,081	$ 36,107

Deferred outflows of resources in the amount of $25,796 and $29,181 related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2021 and 2020, respectively.

Other 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
2022	$ (18,998)
2023	(8,683)
2024	(4,023)
2025	5,780
Total	$ (25,924)

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

Note 7 - Retirement Plans (Continued)

Actuarial Assumptions

The total pension liability as of the June 30, 2020 and 2019 valuations is based on the results of actuarial valuations as of June 30, 2019 and 2018, respectively, and rolled forward. The total pension liability was determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	2020	2019
Cost of living	FY 2021-2022 - 13th check FY 2023-2034 - 0.4% FY 2035-2039 - 0.5% FY 2040 and on - 0.6%	FY 2020-2021 - 13th check FY 2022-2033 - 0.4% FY 2034-2038 - 0.5% FY 2039 and on - 0.6%
Inflation	2.25%, average	2.25%, average
Future salary increases	2.75% to 8.75%	2.50% to 4.25%
Investment rate of return	6.75%, net of pension plan investment expense	6.75%, net of pension plan investment expense
Mortality rates	Based on Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled members

The actuarial assumptions used in the valuations of June 30, 2020 were adopted by the Indiana Public Retirement System Board pursuant to the experience studies, which reflected the period from July 1, 2014 through June 30, 2019. Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll-forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.

There were no significant changes to assumptions for the pension plan since the prior measurement date of June 30, 2019. For 2020, the mortality tables were changed to use public retirement plans experience.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent for PERF at June 30, 2020 and 2019. 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 contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

Note 7 - Retirement Plans (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	22.00 %	4.40 %
Private equity	14.00	7.60
Fixed-income - Ex-inflation linked	20.00	1.90
Fixed-income inflation linked	7.00	0.50
Private equity	8.00	1.60
Real estate	7.00	5.80
Absolute return	10.00	2.90
Risk parity	12.00	5.50

	2019	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	22.00 %	4.40 %
Private equity	14.00	7.60
Fixed-income - Ex-inflation linked	20.00	1.90
Fixed-income inflation linked	7.00	0.50
Private equity	8.00	1.60
Real estate	7.00	5.80
Absolute return	10.00	2.90
Risk parity	12.00	5.50

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Station, calculated using the discount rate of 6.75 percent, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
June 30, 2021	$ 260,249	$ 159,645	$ 75,350
June 30, 2020	307,236	191,303	94,607

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued INPRS financial report.

Note 8 - Other Postemployment Benefit Plan

Plan Description

The University provides postemployment benefits for certain retired employees. The IU 18/20 Plan, medical, and life insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting other postemployment benefit plans (OPEB) required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

The Plan is a single-employer defined benefit plan administered by the University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15 percent level on or before July 14, 1988 and have 18 years of participation in the IU Retirement Plan 15 percent level, at least 20 years of continuous full-time university service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the trustees and is closed to new entrants.

The University provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The University provides retiree life insurance benefits in the amount of $6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members and the University are established and may be amended by the trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded, and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits university-wide paid $912,000 and $806,000 in premiums in the fiscal years ended June 30, 2021 and 2020, respectively. The University contributed $27,640,000 and $33,456,000 to the consolidated OPEB plan in the fiscal years ended June 30, 2021 and 2020, respectively. The University does not maintain a separate legal trust to house assets used to fund postemployment benefits

Total OPEB Liability

At June 30, 2021 and 2020, the Station reported $357,854 and $402,284, respectively, for its total OPEB liability. The current portion of the OPEB liability was $41,217 and $48,513 as of June 30, 2021 and 2020, respectively. The total OPEB liability was measured as of June 30, 2021 and was based on an actuarial valuation date of June 30, 2020 with no adjustments. The total OPEB liability as of June 30, 2020 was based on an actuarial valuation as July 1, 2019, actuarially projected on a no gain/no loss basis to get to the June 30, 2020 measurement date. At June 30, 2021 and 2020, the Station's proportion was 0.1711 and 0.1756 percent a decrease of 0.0045 percentage points and a decrease of 0.03 percentage points, respectively, over the prior year.

Note 8 - Other Postemployment Benefit Plan (Continued)

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the years ended June 30, 2021 and 2020 are summarized as follows:

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Balance at July 1, 2020	$ 147,324	$ 174,414	$ 80,546	$ 402,284
Changes for the year:				
Service cost	2,836	15,443	2,447	20,726
Interest	3,363	4,874	2,122	10,359
Differences between expected and actual experience	(4,160)	(27,894)	-	(32,054)
Changes in assumptions	652	6,243	6,994	13,889
Changes in proportionate share	(3,682)	(4,356)	(2,013)	(10,051)
Benefit payments, including refunds	(40,359)	(4,541)	(2,399)	(47,299)
Net changes	(41,350)	(10,231)	7,151	(44,430)
Balance at June 30, 2021	$ 105,974	$ 164,183	$ 87,697	$ 357,854

Changes in the net OPEB liability during the prior measurement year were as follows:

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Balance at July 1, 2019	$ 224,807	$ 228,272	$ 82,569	$ 535,648
Changes for the year:				
Service cost	4,286	15,351	1,962	21,599
Interest	5,870	7,111	2,442	15,423
Differences between expected and actual experience	(4,266)	(38,787)	724	(42,329)
Changes in assumptions	3,535	6,760	9,105	19,400
Changes in proportionate share	(37,242)	(37,816)	(13,678)	(88,736)
Benefit payments	(49,666)	(6,477)	(2,578)	(58,721)
Net changes	(77,483)	(53,858)	(2,023)	(133,364)
Balance at June 30, 2020	$ 147,324	$ 174,414	$ 80,546	$ 402,284

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 and 2020, the Station reported $18,064 and $44,480, respectively, for its total OPEB expense.

Note 8 - Other Postemployment Benefit Plan (Continued)

At June 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions:				
18/20 Plan	$ 3,854	$ 751	$ 3,954	$ 925
Retiree health insurance	17,213	-	14,295	-
Retiree life insurance	15,059	864	10,775	1,064
Difference between expected and actual experience:				
18/20 Plan	-	13,632	-	12,191
Retiree health insurance	55,730	59,536	68,589	42,264
Retiree life insurance	596	-	714	-
Change in proportionate share	18,089	63,669	21,703	65,089
Total	$ 110,541	$ 138,452	$ 120,030	$ 121,533

These amounts will be recognized in OPEB expense for the years ending June 30 as follows:

Years Ending June 30	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Change in Proportionate Share	Total
2022	$ (1,913)	$ 4,545	$ 2,369	$ (6,807)	$ (1,806)
2023	(1,913)	4,545	2,369	(6,807)	(1,806)
2024	(1,913)	4,545	2,369	(6,807)	(1,806)
2025	(1,913)	4,545	2,369	(6,807)	(1,806)
2026	(1,913)	4,545	2,369	(6,807)	(1,806)
Thereafter	(966)	(9,316)	2,947	(11,546)	(18,881)
Total	$ (10,531)	$ 13,409	$ 14,792	$ (45,581)	$ (27,911)

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 and 2020 is based on the results of actuarial valuation dates of June 30, 2021 and 2020, with no adjustments to get to the June 30, 2021 and 2020 measurement date. Significant actuarial methods and assumptions used to calculate the Station's total OPEB liability were as follows:

	Measurement Date as of June 30, 2021	Measurement Date as of June 30, 2020
Payroll growth (medical/life plan)	3.0%	3.0%
Payroll growth (18/20 Plan)	2.5%	2.5%
Inflation	3.0%	3.0%
Health care cost trend rate	7.5% for fiscal year 2022 to 4.5% for fiscal year 2028 and later years	8.0% for fiscal year 2021 to 4.5% for fiscal year 2028 and later years
Mortality rates	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
Actuarial cost method	Entry age normal level percent of salary	Entry age normal level percent of salary

Note 8 - Other Postemployment Benefit Plan (Continued)

Discount Rate

The discount rate used in valuing OPEB liabilities as of June 30, 2021 and 2020 was 2.19 percent and 2.66 percent, respectively. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The S&P 20-year municipal bond index was used for the current discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Station at June 30, 2021, calculated using the discount rate of 2.19 percent, as well as what the Station's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2021		
	1 Percentage Point Decrease (1.19%)	Current Discount Rate (2.19%)	1 Percentage Point Increase (3.19%)
18/20 Plan	$ 107,321	$ 105,974	$ 104,574
Retiree health insurance	178,213	164,183	151,167
Retiree life insurance	105,782	87,697	73,755

The following presents the total OPEB liability of the Station at June 30, 2020, calculated using the discount rate of 2.66 percent, as well as what the Station's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (1.66%)	Current Discount Rate (2.66%)	1 Percentage Point Increase (3.66%)
18/20 Plan	$ 149,460	$ 147,324	$ 145,117
Retiree health insurance	189,464	174,414	160,481
Retiree life insurance	96,483	80,546	68,182

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the Station at June 30, 2021 and 2020, calculated using the health care cost trend rates as of those dates, as well as what the Station's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2021		
	1 Percentage Point Decrease (6.50% Decreasing to 3.50%)	Current Health Care Cost Trend Rate (7.50% Decreasing to 4.50%)	1 Percentage Point Increase (8.50% Decreasing to 5.50%)
Total OPEB liability of the retiree health insurance plan	$ 143,359	$ 164,183	$ 189,153

Note 8 - Other Postemployment Benefit Plan (Continued)

	2020		
	1 Percentage Point Decrease (7.00% Decreasing to 3.50%)	Current Health Care Cost Trend Rate (8.00% Decreasing to 4.50%)	1 Percentage Point Increase (9.00% Decreasing to 5.50%)
Total OPEB liability of the retiree health insurance plan	$ 154,204	$ 174,414	$ 198,408

The 18/20 and retiree life insurance plans are not included above, as they do not have a health care component.

Note 9 - Risk Management

The Station is covered under the University's risk management programs. The University is exposed to various risks of loss, including torts; theft; damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; and health care claims on behalf of students, employees, and their dependents. The University manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly owned captive insurance company, Old Crescent Insurance Company (OCIC). The University is self-funded for damage to buildings and building contents for the first $100,000 per occurrence, with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The University is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence, with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The University has a malpractice and professional liability policy in the amount of $500,000 for each claim and $1,500,000 annually in aggregate provided by OCIC. The University is self-funded for the first $850,000 for each workers' compensation claim and $125,000 in the aggregate for all claims in excess of $850,000 for each claim. Workers' compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The University is self-funded for the first $850,000 for employer liability claims, with an additional $1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The University has three health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The University records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 11.61 percent of the paid self-funded claims during the fiscal year and totals $27,502,000 and $28,024,000 at June 30, 2021 and 2020, respectively, for the University.

Changes in the balances of accrued insurance liabilities for the University were as follows (dollar amounts presented in thousands):

Fiscal Year	Beginning Balance	Claims Incurred and Changes in Estimates	Claims Paid	Ending Balance
2021	$ 28,024	$ 248,220	$ (248,742)	$ 27,502
2020	27,665	253,436	(253,077)	28,024
2019	27,344	234,680	(234,359)	27,665

Separate funds have been established to account for the liability of incurred but unpaid health care claims, as well as any unusual catastrophic claims fluctuation experience. All organizational units of the University are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

Note 9 - Risk Management (Continued)

The University also provides health care plans for graduate assistants, fellowship recipients, and medical residents. These plans are either fully insured or self-funded with a stop/loss provision. For these groups, the University has recorded a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans in the amount of $1,855,000 and $1,623,000 at June 30, 2021 and 2020, respectively. These plans are funded by direct charges to the associated schools and/or departments.

Note 10 - FCC Broadcast Spectrum Program

In April 2017, the FCC announced the completion of a voluntary incentive auction to reallocate certain spectrum currently occupied by television broadcast stations to mobile wireless broadband services, along with a related “repacking” of the television spectrum for remaining television stations. The Station will not relinquish any spectrum rights as a result of the auction, and, accordingly, the Station will not receive any incentive auction proceeds. The legislation authorizing the incentive auction and repacking established a $1.75 billion fund for reimbursement of costs incurred by stations required to change channels in the repacking. The FCC has notified the Station that it will be repacked, which requires the Station to move to a different channel, without changing the Station’s service areas and/or cause additional interference. The repacking process is scheduled to occur over a 39-month period, divided into 10 phases. The Station has been assigned to phase 6, and a majority of the Station’s capital expenditures in connection with the repack have occurred in 2021 and 2020 and have been submitted for reimbursement. FCC reimbursements were $559,573 and $940,130 in 2021 and 2020, respectively. The Station anticipates that all eligible costs, including equipment, incurred related to the repack will be reimbursed by the FCC.

Note 11 - Non-federal Financial Support (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities based on a base grant amount and non-federal financial support ("NFFS"), which is defined by CPB. NFFS is defined as the total value of cash and the fair market value of services received as contributions or payments and meeting all the respective criteria for each. Calculated in accordance with CPB guidelines, the Station reported total NFFS of $3,821,175 and $6,671,483 for the years ended June 30, 2021 and 2020, respectively.

Required Supplemental Information

Required Supplemental Information
Schedule of the Station's Proportionate Share of the Net Pension Liability
Indiana Public Employees' Retirement Fund

Last Five Plan Years

Plan Years Ended June 30

	2020	2019	2018	2017	2016
Station's proportion of the net pension liability	0.27390 %	0.29320 %	0.35100 %	0.33100 %	0.33100 %
Station's proportionate share of the net pension liability	$ 159,645	$ 191,303	$ 240,700	$ 304,738	$ 316,731
Station's covered payroll	$ 259,285	$ 297,165	$ 437,674	$ 425,348	$ 461,771
Station's proportionate share of the net pension liability as a percentage of its covered payroll	61.57 %	64.38 %	55.00 %	71.64 %	68.59 %
Plan fiduciary net position as a percentage of total pension liability	81.40 %	80.10 %	78.90 %	76.60 %	75.30 %

GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2017. Additional years will be included in future reports as data becomes available.

See notes to required supplemental information.

Required Supplemental Information
Schedule of Pension Contributions
Indiana Public Employees' Retirement Fund

Last Five Fiscal Years

Years Ended June 30

	2021	2020	2019	2018	2017
Statutorily required contribution	$ 25,073	$ 28,988	$ 32,748	$ 49,063	$ 46,278
Contributions in relation to the statutorily required contribution	25,073	28,988	32,748	49,063	46,278
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Station's Covered Payroll	$ 231,092	$ 259,285	$ 297,165	$ 437,674	$ 425,348
Contributions as a Percentage of Covered Payroll	10.85 %	11.18 %	11.02 %	11.21 %	10.88 %

GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2017. Additional years will be included in future reports as data becomes available.

See notes to required supplemental information.

Required Supplemental Information
Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Four Plan Years

	18/20 Plan				Retiree Life Insurance				Retiree Life Insurance			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Total OPEB Liability												
Service cost	$ 2,836	$ 4,286	$ 4,647	$ 6,884	$ 15,443	$ 15,351	$ 17,727	$ 6,222	$ 2,447	$ 1,962	$ 2,049	$ 2,190
Interest	3,363	5,870	9,616	10,338	4,874	7,111	8,926	2,988	2,122	2,442	2,966	2,602
Change in proportionate share (for TV)	(3,682)	(37,242)	13,360	-	(4,356)	(37,816)	10,723	-	(2,013)	(13,678)	3,748	-
Differences between expected and actual experience	(4,160)	(4,266)	(6,738)	(7,250)	(27,894)	(38,787)	(13,306)	117,236	-	724	-	138
Changes in assumptions	652	3,535	1,374	(1,580)	6,243	6,760	6,852	6,996	6,994	9,105	4,489	(1,818)
Benefit payments, including refunds	(40,359)	(49,666)	(55,278)	(64,376)	(4,541)	(6,477)	(9,576)	(7,428)	(2,399)	(2,578)	(3,017)	(2,572)
Net Change in Total OPEB Liability	(41,350)	(77,483)	(33,019)	(55,984)	(10,231)	(53,858)	21,346	126,014	7,151	(2,023)	10,235	540
Total OPEB Liability - Beginning of year	147,324	224,807	257,826	313,810	174,414	228,272	206,926	80,912	80,546	82,569	72,334	71,794
Total OPEB Liability - End of year	**$ 105,974**	**$ 147,324**	**$ 224,807**	**$ 257,826**	**$ 164,183**	**$ 174,414**	**$ 228,272**	**$ 206,926**	**$ 87,697**	**$ 80,546**	**$ 82,569**	**$ 72,334**
Covered Payroll	$ 22,642	$ 35,866	$ 51,076	$ 47,458	$ 2,304,838	$ 2,296,560	$ 2,621,357	$ 2,423,816	$ 2,304,838	$ 2,296,560	$ 2,621,357	$ 2,423,816
Total OPEB Liability as a Percentage of Covered Payroll	468.04 %	410.76 %	440.14 %	543.27 %	7.12 %	7.59 %	8.71 %	8.54 %	3.80 %	3.51 %	3.15 %	3.41 %

GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

Pension Information

No assets were accumulated in a trust.

Fiscal Year 2021

Changes of Benefit Terms

There were no changes of benefit terms for the plan year ended June 30, 2021.

Changes in Assumptions

The discount rate decreased to 2.19 percent as of June 30, 2021. The health care trend rates have been reset to an initial rate of 7.5 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

Fiscal Year 2020

Changes of Benefit Terms

None

Changes in Assumptions

None

Fiscal Year 2019

Changes of Benefit Terms

None

Changes in Assumptions

For the actuarial valuation as of June 30, 2018, the cost-of-living adjustment (COLA) assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0 percent COLA beginning on January 1, 2020, INPRS assumes the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter would be 0.4 percent beginning on January 1, 2022, changing to 0.5 percent beginning on January 1, 2034, and ultimately 0.6 percent beginning on January 1, 2039.

Fiscal Year 2018

Changes of Benefit Terms

None

Changes in Assumptions

For active and inactive vested members, the INPRS board approved a $400 salary load to be added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment. For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables.

Fiscal Years 2017, 2016, and 2015

Changes of Benefit Terms

None

Changes in Assumptions

None

OPEB Information

Fiscal Year 2021

Changes in Benefit Terms

There were no changes of benefit terms in 2021.

Changes in Assumptions

The discount rate decreased to 2.19 percent as of June 30, 2021. The health care trend rates have been reset to an initial rate of 7.5 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent. The mortality table has been updated from fully generational using Scale MP-2017 to headcount-weighted, fully generational using Scale MP-2019.

Fiscal Year 2020

Changes in Benefit Terms

There were no changes of benefit terms in 2020.

Changes in Assumptions

The discount rate decreased to 2.66 percent as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent. The mortality table has been updated from fully generational using Scale MP-2017 to headcount-weighted, fully generational using Scale MP-2019.

Fiscal Year 2019

Changes in Benefit Terms

There were no changes of benefit terms in 2019.

Changes in Assumptions

The discount rate decreased to 3.51 percent as of June 30, 2019. The health care trend rates have been reset to an initial rate of 8.5 percent decreasing by 0.5 percent annually to an ultimate rate of 5.0 percent.

Fiscal Year 2018

Changes of Benefit Terms

There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.

Changes in Assumptions

The discount rate was 3.87 percent as of June 30, 2018 and 3.58 percent as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to entry age normal level perform of salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0 percent decreasing by 0.5 percent annually to an ultimate rate of 5.0 percent.

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for fiscal year ended June 30, 2021

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for fiscal year ended June 30, 2021

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Susan Elrod, Chancellor, Indiana University South Bend

Ken Iwama, Chancellor, Indiana University Northwest (Gary) (since August 1, 2020)

Susan Sciame-Giesecke, Chancellor, Indiana University Kokomo

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