WTIU-TV

A Public Telecommunications Entity Operated as a Department of Indiana University

Financial Report

with Supplemental Information

June 30, 2019

Contents

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Independent Auditor's Report

To the Officials
WTIU-TV (A Public Telecommunications Entity
Operated as a Department of Indiana University)
Bloomington, Indiana

Report on the Financial Statements
We have audited the accompanying financial statements of WTIU-TV, a public telecommunications entity operated as a department of Indiana University (WTIU-TV), as of and for the years ended June 30, 2019 and June 30, 2018, and the related notes to the financial statements, which collectively comprise WTIU-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 audits. We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of WTIU-TV as of June 30, 2019 and June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements of WTIU-TV are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities of Indiana University (University) that are attributable to the transactions of WTIU-TV. They do not purport to, and do not present fairly the financial position of the University, as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows 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 Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-10, the Schedule of the Station's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, the Schedule of Changes in the Total OPEB Liability and Related Ratios and the Notes to the Required Supplemental Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our 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.

RSM US LLP

Indianapolis, Indiana
January 31, 2020

June 30, 2019

WTIU-TV (the Station) presents its audited financial statements for the year ended June 30, 2019, along with comparative data for the years ended June 30, 2018 and 2017. 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, 2019, were $4,765,435, an increase of $938,910, primarily due to an increase in capitalized transmitter construction costs related to "repacking of the television spectrum" and a corresponding receivable for partial reimbursement of the costs by the Federal Communications Commission (FCC). Net investment in capital assets comprised $3,685,375 of the total net assets. Total assets at June 30, 2018, were $3,826,525, an increase of $1,163,221 from 2017, primarily due to an increase in capital asset additions. Net investment in capital assets comprised $2,416,307 of the total net assets.

Deferred outflows of resources at June 30, 2019 were $203,299, a decrease of $50,809 from June 30, 2018. Deferred outflows of resources at June 30, 2018 were $254,108, an increase of $41,287 from June 30, 2017. Changes in deferred outflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total liabilities were $1,442,892 at June 30, 2019, a decrease of $36,001. Noncurrent liabilities were $927,832, or approximately 64.3% of total liabilities at June 30, 2019. Total liabilities were $1,478,893 at June 30, 2018, an increase of $674,323. Noncurrent liabilities were $917,675, or approximately 62.1% of total liabilities at June 30, 2018.

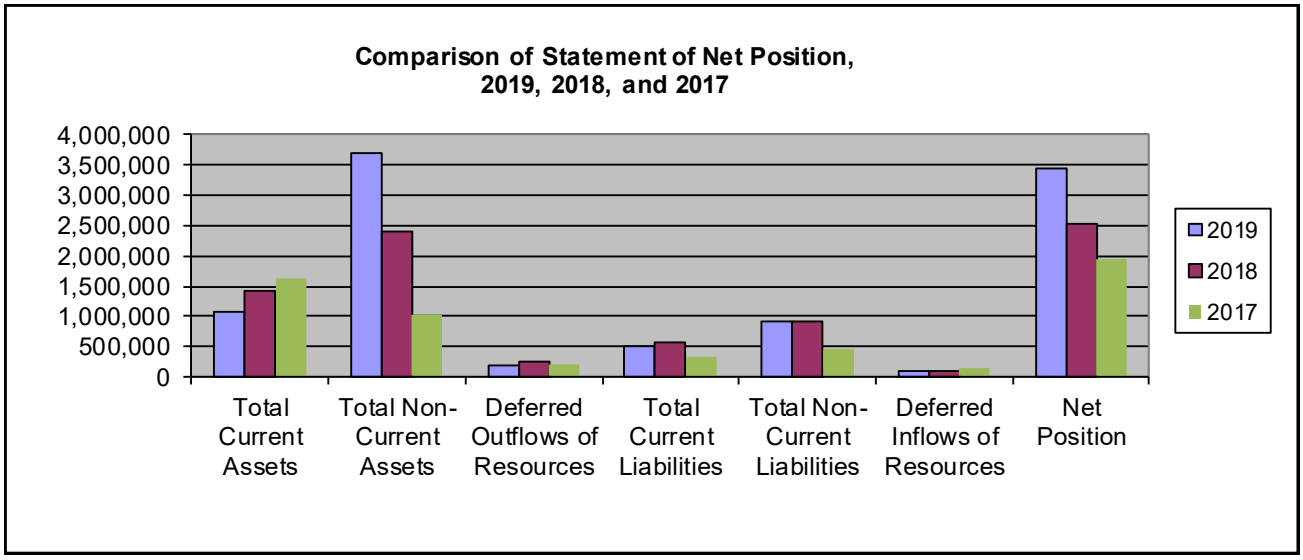
Deferred inflows of resources at June 30, 2019 were $78,364, an increase of $6,669 from June 30, 2018. Deferred inflows of resources at June 30, 2018 were $71,695, a decrease of $54,812 from June 30, 2017. Changes in deferred inflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total net position at June 30, 2019, was $3,447,478, a $917,433 increase from the prior year, or a 36.2% increase in net position, primarily due to a significant increase in facility sales and services due to an increase in technical services performed for other university schools and auxiliaries as well as outside entities. Total net position at June 30, 2018, was $2,530,045, a $584,997, or 30.1%, increase from 2017.

A comparison of WTIU's assets, liabilities, and net position at June 30, 2019, 2018 and 2017 is summarized as follows:

CONDENSED STATEMENT OF NET POSITION			
	Fiscal Year Ended		
	June 30, 2019	*June 30, 2018*	*June 30, 2017*
Current Assets	$ 1,080,060	$ 1,410,218	$ 1,640,597
Noncurrent Assets/Capital Assets	3,685,375	2,416,307	1,022,707
Total Assets	**4,765,435**	**3,826,525**	**2,663,304**
Deferred Outflows of Resources	**203,299**	**254,108**	**212,821**
Current Liabilities	515,060	561,218	342,956
Noncurrent Liabilities	927,832	917,675	461,614
Total Liabilities	**1,442,892**	**1,478,893**	**804,570**
Deferred Inflows of Resources	**78,364**	**71,695**	**126,507**
Net Investments in Capital Assets	3,685,375	2,416,307	1,022,707
Restricted for Expendable Station Activities	54,550	11,709	44,716
Unrestricted	(292,447)	102,029	877,625
Total Net Position	**$ 3,447,478**	**$ 2,530,045**	**$ 1,945,048**

The composition of current and non-current assets, deferred outflows, liabilities, deferred inflows and net position is displayed below for the 2019, 2018, and 2017 fiscal year-ends:



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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
	Fiscal Year Ended		
	June 30, 2019	*June 30, 2018*	*June 30, 2017*
Operating Revenues	$ 2,604,130	$ 1,802,463	$ 1,879,021
Operating Expenses	(8,390,459)	(7,835,619)	(7,309,162)
Total Operating Loss	(5,786,329)	(6,033,156)	(5,430,141)
Net Nonoperating Revenues	6,065,761	7,084,668	5,343,925
Income Before Other Revenues	279,432	1,051,512	(86,216)
Capital Grant	638,001	-	-
Increase in Net Position	**917,433**	**1,051,512**	**(86,216)**
Net Position - Beginning of Year	2,530,045	1,945,048	2,278,616
Prior Period Adjustments	-	(466,515)	(247,352)
Net Position - Beginning of Year, as Restated	2,530,045	1,478,533	2,031,264
Net Position - End of Year	**$ 3,447,478**	**$ 2,530,045**	**$ 1,945,048**

Revenues

Operating revenues at WTIU-TV for the June 30, 2019 fiscal year increased by 44.5% from the previous year, primarily due to an increase in technical services performed for other university schools and auxiliaries as well as outside entities.

Operating revenues at WTIU-TV for the June 30, 2018 fiscal year decreased by 4.1% from the previous year, primarily due to decreased sales and services provided to corporations and other public broadcasting stations.

Net non-operating revenues for the June 30, 2019 fiscal year decreased 14.4%. Corporate and foundation contributions decreased due to a reduction in the need for funds from the IU Foundation as compared to 2018, when funding was needed to cover construction costs. This decrease was partially offset by capital grant revenue for the FCC repacking reimbursement.

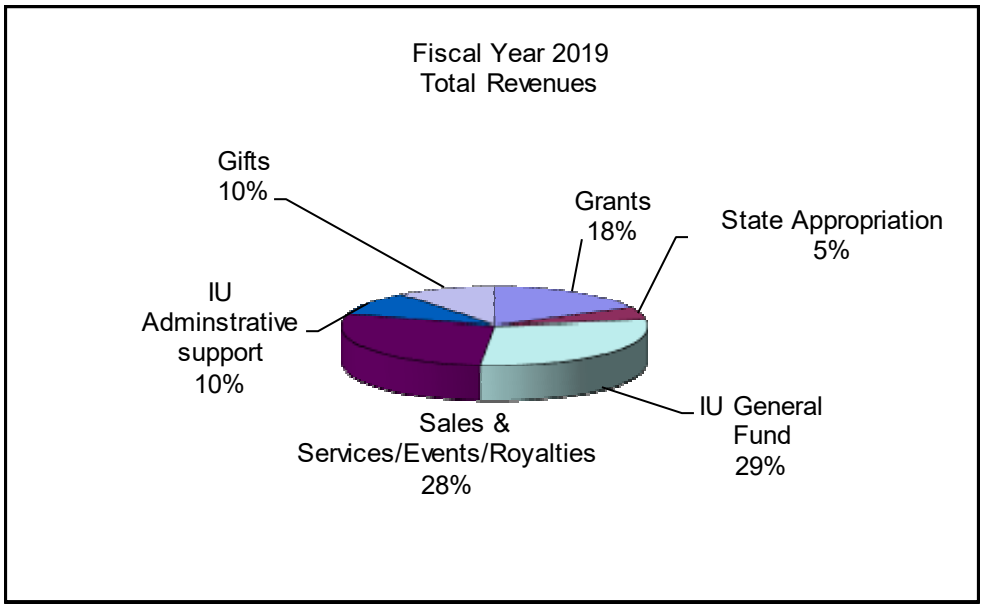
Net non-operating revenues for the June 30, 2018 fiscal year increased 32.6%, primarily due to the Corporate/Foundation, and Individual contributions. Specifically, non-operating revenue changes were the result of the following factors:

- Indiana University General Fund Support coupled with Donated Facilities and Administrative Support increased by a total of $127,907 or 15.3% over prior year for WTIU.
- Corporate/Foundation, and Individual Contributions increased by $1,795,324 primarily due to the expense reimbursement from the IU Foundation to fund the construction of a new production studio and control room, the Mark Cuban Center for Sports Media and Technology, which is housed in our athletics complex.
- Appropriation from the State of Indiana and CPB contributions decreased a total of $185,625 or an 11.9% decrease.
- In-Kind Support remained relatively flat with only a slight increase of $1,638.

In fiscal year June 30, 2019, the Station recorded a receivable in the amount of $638,001 in a capital grant as a receivable from the Federal Communications Commission for a capital grant related to "repacking" of the television spectrum.

In summary, total Operating Revenues and Net Non-operating Revenues of the Station in fiscal year 2019 increased by $421,761, an increase of 4.7%. Total Operating Revenues and Net Non-operating Revenues of the Station in fiscal year 2018 increased by $1,664,185, an increase of 23.0%.

The compositions of these revenues are displayed in the following graph:



Expenses

Operating expenses were $8,390,459 for the 2019 fiscal year. This was an increase over the previous fiscal year of $554,840 or 7.1%. Changes in the major categories of expenses were:

For all functional areas:

- Professional and support staff received an average 3% salary increase. The professional staff fringe benefit rate decreased from 40.23% to 38.09%. The support staff fringe benefit rate decreased from 38.99% to 38.60%.

For specific functional areas:

- Programming & Production increase of $448,256 or 9% – natural fluctuation in grant activity
- Broadcasting increase of $308,847 or 27% – television spectrum repack work, along with work on the TV master control.
- Management and general decrease of $78,290 or 13% – in part the result of staffing reallocations between the radio and television functions.
- Fundraising, membership development and underwriting solicitation costs decrease of $232,312 or 41% – a result of staffing priorities.

Operating expenses were $7,835,619 for the 2018 fiscal year. This was an increase over the previous fiscal year of $526,457 or 7.20%. Changes in the major categories of expenses were:

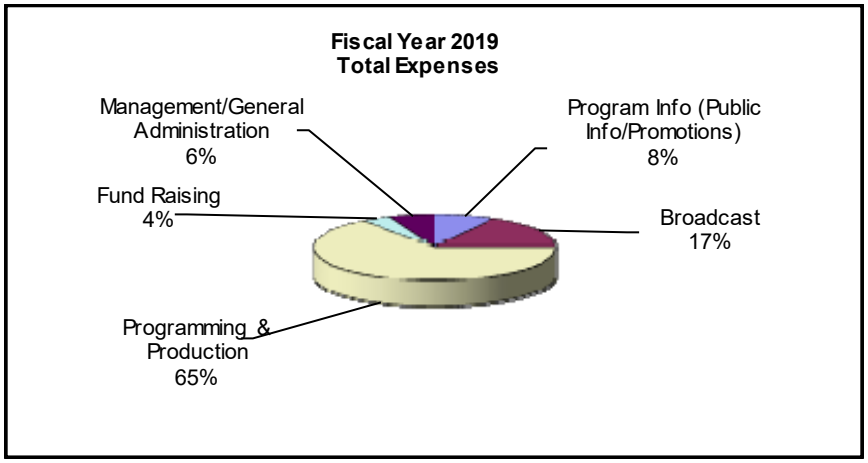
For all functional areas:

- Professional and support staff received an average 2% salary increase. The professional staff fringe benefit rate increased from 39.88% to 40.23%. The support staff fringe benefit rate increased from 38.77% to 38.99%.

For specific functional areas:

- Programming and production costs increased $299,599 or 6.4%, due to the addition of staff needed to support new sales and services and an increase in PBS dues.
- Broadcasting costs increased by $28,737 or 2.6%. This was primarily due to costs associated with updating Television Master Control and increased personnel.
- Public information and promotion costs increased by $69,842 or 14.2%, and included expenses associated with establishing and staffing a new reception center and increased advertising.
- Management and general expenses increased $55,493 or 10.5%, supporting the new reception center.
- Fundraising costs increased $72,786 or 14.7%, as we continue to expend efforts to increase contributions.

The composition of total expenses, including operating and non-operating, are displayed in the next chart by major category:



Net Position

The net increase in net position was $917,433 in 2019. The operating loss decreased $246,827 or 4.1% from the previous fiscal year and the net non-operating revenues decreased by $1,018,907 or 14.4%. The ending net position was $3,447,478 compared to ending net position in 2018 of $2,530,045. This was a 36.3% increase in net position.

The net increase in net position was $1,051,512 in 2018. The operating loss increased $603,015 or 11.1% from the previous fiscal year and the net non-operating revenues increased by $1,740,743 or 32.6%. The ending net position was $2,530,045 compared to ending net position in 2017 of $1,945,048, including the effects of restatements. This was a 30.1% 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. It assists the reviewer 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, 2019	*June 30, 2018*	*June 30, 2017*
Net Cash Used by:			
Operating Activities	$ (4,309,479)	$ (5,155,048)	$ (4,805,203)
Noncapital Financing Activities	5,233,730	6,560,896	4,865,987
Capital and Related Financing Activities	(1,645,682)	(1,587,102)	(283,390)
Net Increase (Decrease) in Cash and Cash Equivalents	(721,431)	(181,254)	(222,606)
Beginning Cash and Cash Equivalents	1,139,355	1,320,609	1,543,215
Ending Cash and Cash Equivalents	**$ 417,924**	**$ 1,139,355**	**$ 1,320,609**

From fiscal year 2018 to 2019, cash used by operating activities decreased by $845,569. This decrease is the result of an increase in sales and services performed for other university schools and auxiliaries as well as outside entities. From fiscal year 2017 to 2018, cash used by operating activities increased by $349,845. This increase is the result of increased payments to employees and vendors, somewhat offset by increased sales and services.

From fiscal year 2018 to 2019, cash flows provided by noncapital financing activities decreased by $1,327,166, reflecting decreases primarily due to reduction in funds requested from the IU Foundation. From fiscal year 2017 to 2018, cash flows provided by noncapital financing activities increased by $1,694,909, reflecting increases in University support and donor contributions.

From fiscal year 2018 to 2019, cash used by capital and related financing activities was $1,645,682 an increase of $58,580, primarily due to transmitter construction costs related to repacking of the television spectrum. From fiscal year 2017 to 2018, cash used by capital and related financing activities was $1,587,102 an increase of $1,303,712, due to the purchase of additional capital assets for the production studio and control room in the athletics complex.

In summary, there was a net decrease of $721,431 and $181,254 in cash and cash equivalents in 2019 and 2018, respectively.

Capital Assets

At June 30, 2019, June 30, 2018, and June 30, 2017, the Station had $3,685,375, and $2,416,307, $1,022,707, respectively, invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ended June 30, 2019, June 30, 2018, and June 30, 2017, totaled $375,678, $226,064, and $258,826, respectively.

Details of these assets are shown below:

CAPITAL ASSETS			
	Fiscal Year Ended		
	June 30, 2019	*June 30, 2018*	*June 30, 2017*
Transmission, Antenna, and Tower	$ 1,260,444	$ 619,740	$ 562,249
Studio and Other Broadcast Equipment	2,287,616	1,657,695	460,458
Furniture and Fixtures	137,315	138,872	-
Capital Assets, Net	**$ 3,685,375**	**$ 2,416,307**	**$ 1,022,707**

Purchases planned for FY20 include equipment for audiovisual installation and support services.

June 30, 2019

Economic Outlook

WTIU succeeded this year in moving to a new broadcast channel and installing a new, more powerful transmitter. With the FCC paying a significant share of the cost, the station avoided a major cost it would have had to incur in the next several years.

On the other hand, the station saw some softening of membership income, likely a result of fewer people itemizing under the new tax law. Because of steady revenue in other areas and FCC assistance on the new transmitter, WTIU still has the resources to fund all its plans for the coming year.

The station is also well-positioned for coming technological advances in broadcasting; it paid the additional cost of ATSC 3.0-ready transmission equipment. That will save money when the new technology is used in this area in 3-5 years.

WTIU also is benefitting from greater visibility throughout southern Indiana as a result of its growing news operation, shared with WFIU. This year will bring weekend coverage for the first time. Private giving in support of news has been significant; now, the challenge will be winning additional grant support.

Statement of Net Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 417,924	$ 1,139,355
Receivables:		
Grants receivable	638,001	-
Other receivables	5,115	1,709
Prepaid expenses and other assets	19,020	269,154
Total current assets	1,080,060	1,410,218
Noncurrent assets - Capital assets - Net (Note 4)	3,685,375	2,416,307
Total assets	4,765,435	3,826,525
Deferred Outflows of Resources		
Deferred pension costs (Note 7)	64,619	143,558
Deferred OPEB costs (Note 7)	138,680	110,550
Total deferred outflows of resources	203,299	254,108
Liabilities		
Current liabilities:		
Accounts payable	90,426	179,725
Other liabilities	181,494	56,693
Compensated absences (Note 6)	243,140	324,800
Total current liabilities	515,060	561,218
Noncurrent liabilities:		
Compensated absences (Note 6)	151,484	75,851
Net pension liability (Note 7)	240,700	304,738
Net OPEB liability (Note 7)	535,648	537,086
Total noncurrent liabilities	927,832	917,675
Total liabilities	1,442,892	1,478,893
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 7)	51,624	62,229
Deferred OPEB cost reductions (Note 7)	26,740	9,466
Total deferred inflows of resources	78,364	71,695
Net Position		
Net investment in capital assets	3,685,375	2,416,307
Restricted - Expendable station activities	54,550	11,709
Unrestricted	(292,447)	102,029
Total net position	**$ 3,447,478**	**$ 2,530,045**

See notes to financial statements.

WTIU-TV

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenue		
Facility sales and services	$ 2,588,640	$ 1,636,010
Miscellaneous grants	6,375	158,993
Event income	970	775
Royalty income	8,145	6,685
Total operating revenue	2,604,130	1,802,463
Operating Expenses		
Program Services - Programming and production	5,453,798	5,005,542
Program Services - Broadcasting	1,426,378	1,117,531
Program Services - Public information and promotion	671,237	562,898
Supporting Services - Management and general	503,428	581,718
Supporting Services - Fundraising, membership development, and underwriting solicitation	335,618	567,930
Total operating expenses	8,390,459	7,835,619
Operating Loss	(5,786,329)	(6,033,156)
Nonoperating Revenue (Expense)		
General fund support from Indiana University	2,678,689	2,781,124
Donated facilities and administrative support from Indiana University	928,163	525,706
Appropriation from State of Indiana	472,279	283,368
CPB contributions	1,004,110	1,096,753
Individual contributions	223,057	93,392
Corporate/foundation contributions	739,433	2,282,125
In-kind support - other	20,967	22,200
Loss on disposal of capital asset	(937)	-
Total nonoperating revenue (expense)	6,065,761	7,084,668
Income - Before other revenues	279,432	1,051,512
Capital Grants and Gifts	638,001	-
Change in Net Position	917,433	1,051,512
Net Position - Beginning of year	2,530,045	1,478,533
Net Position - End of year	**$ 3,447,478**	**$ 2,530,045**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Grants	$ 6,375	$ 210,500
Sales and service	2,585,234	1,644,597
Payments to employees	(4,085,149)	(4,014,190)
Payments to vendors	(2,825,054)	(3,003,658)
Other receipts	9,115	7,703
Net cash and cash equivalents used in operating activities	(4,309,479)	(5,155,048)
Cash Flows from Noncapital Financing Activities		
General fund support from Indiana University - Bloomington campus	2,678,689	2,748,564
Appropriation from State of Indiana	472,279	283,368
Contributions	2,082,762	3,528,964
Net cash and cash equivalents provided by noncapital financing activities	5,233,730	6,560,896
Cash Flows Used in Financing Activities - Purchase of capital assets	(1,645,682)	(1,587,102)
Net Decrease in Cash and Cash Equivalents	(721,431)	(181,254)
Cash and Cash Equivalents - Beginning of year	1,139,355	1,320,609
Cash and Cash Equivalents - End of year	**$ 417,924**	**$ 1,139,355**
Classification of Cash and Cash Equivalents - Cash and investments	**$ 417,924**	**$ 1,139,355**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating income (loss)	$ (5,786,329)	$ (6,033,156)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization	375,678	226,064
Donated facilities and administrative support from Indiana Univeristy	928,163	525,706
In-kind - Other	20,967	22,200
Corporate/Foundation In-kind	8,639	-
Changes in assets and liabilities:		
Grant receivable	-	51,750
Other receivable	(3,406)	8,587
Prepaid and other assets	250,134	(11,212)
Accounts payable	(89,299)	94,568
Compensated absences	(6,027)	(2,032)
Net pension and related deferrals	4,296	(7,008)
Other postemployment liability and related deferrals	(12,295)	(30,515)
Total adjustments	1,476,850	878,108
Net cash and cash equivalents used in operating activities	**$ (4,309,479)**	**$ (5,155,048)**

See notes to financial statements.

Note 1 - Nature of Business

WTIU-TV (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, and the results of its operations and cash flows.

Note 2 - Significant Accounting Policies

Related Organization

The Indiana University Foundation, Inc. (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 $625,857 and $2,238,486 to the Station during fiscal years 2019 and 2018, 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. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Intrafund 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 includes 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 customer accounts to determine the need for an allowance for uncollectible accounts. Management has determined no allowance is necessary for June 30, 2019 and 2018.

Prepaid Expenses

Prepaid expenses consist of member dues to the Public Broadcasting Service related to a future period 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 statements of net position report 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

Compensated absences represents actual earned vacation/sick time accruals for eligible employees who qualify for termination or retirement benefits. These benefits are vested and paid out according to University policy at termination or retirement.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position report 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 Non-Operating Revenues

Operating revenues consist of production sales and services, royalties, auction revenues, special event revenues, and miscellaneous grants for operating activities. All other revenues are included as non-operating revenues. Non-operating revenues include significant revenue sources that are relied upon for operations such as the community service grant from the Corporation for Public Broadcasting (CPB), IU Foundation contributions, University appropriations and state appropriations. The CPB grants have been classified as contribution (non-exchange) revenue.

Revenue Recognition

Unrestricted

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 revenues 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 to 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.

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 revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting 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, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal years 2019 and 2018.

Note 3 - Deposits and Investments

WTIU-TV 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 $417,924 and $1,139,355 for the years ended June 30, 2019 and 2018, 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

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Station will not be able to recover its funds. The Station does not have a formal deposit policy for custodial credit risk.

Statutory Authorization for Investments

The University 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 assure 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, 2019 and 2018, 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 year 2019 and 2018. Capital asset activity for the years ended June 30, 2019 and 2018, were as follows:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets being depreciated:				
Building components	$ 148,393	$ 3,245	$ -	$ 151,638
Transmission, antenna, and tower	3,832,145	731,516	-	4,563,661
Studio and other broadcast equipment	5,555,061	910,920	(296,310)	6,169,671
Subtotal	9,535,599	1,645,681	(296,310)	10,884,970
Accumulated depreciation:				
Building components	9,521	4,802	-	14,323
Transmission, antenna, and tower	3,212,405	90,812	-	3,303,217
Studio and other broadcast equipment	3,897,366	280,064	(295,375)	3,882,055
Subtotal	7,119,292	375,678	(295,375)	7,199,595
Net capital assets	$ 2,416,307	$ 1,270,003	$ (935)	$ 3,685,375

Note 4 - Capital Assets (Continued)

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets being depreciated:				
Building components	$ 7,763	$ 140,630	$ -	$ 148,393
Transmission, antenna, and tower	3,809,730	152,240	(129,825)	3,832,145
Studio and other broadcast equipment	4,298,345	1,326,794	(70,078)	5,555,061
Subtotal	8,115,838	1,619,664	(199,903)	9,535,599
Accumulated depreciation:				
Building components	7,763	1,758	-	9,521
Transmission, antenna, and tower	3,247,481	94,749	(129,825)	3,212,405
Studio and other broadcast equipment	3,837,887	129,557	(70,078)	3,897,366
Subtotal	7,093,131	226,064	(199,903)	7,119,292
Net capital assets	$ 1,022,707	$ 1,393,600	$ -	$ 2,416,307

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

	2019	2018
Governmental activities:		
Programming and production	$ 214,136	$ 129,559
Broadcasting	157,785	94,748
Management and general	3,757	1,757
Total governmental activities	$ 375,678	$ 226,064

For capital assets partially financed with U. S. Department of Commerce NTIA/PTFP grants, the Federal Government requires a ten-year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the capital asset for a ten-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:

Capital Assets	DOC Grant Number	Original Cost	Lien Through
High Definition Conversion - Production	18-02-N07152	$ 483,738	03/2019
High Definition (Remote) - Production	18-02-N09157	197,264	06/2021
(Remote) Production, HD Cam Upgrade	18-0-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 revenues, expenses, and changes in net position.

Institutional support from the University is estimated at $521,912 and $227,904 for fiscal years ending June 30, 2019 and 2018, respectively, and is computed using operating expenses as the base.

Physical plant support from the University is estimated at $406,251 and $57,348 for fiscal years ending June 30, 2019 and 2018, respectively. This represents the Station’s pro rata share of allowable physical plant costs not allocated by the University based on gross square feet.

Note 5 - Indiana University Donated Facilities and Administrative Support (Continued)

The value of the University 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 ending June 30, 2019 and 2018, the totals for the Station were $144,401 and $222,381, respectively. For the new roof and satellite dish mount on the Radio and TV Building for fiscal years ending June 30, 2019 and 2018, the totals for the Station were $6,637 and $18,073, respectively. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Note 6 - Compensated Absences

Compensated activity for the years ended June 30, 2019 and 2018 can be summarized as follows:

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 400,651	$ 86,570	$ (92,597)	$ 394,624	$ 243,140
Total	$ 400,651	$ 86,570	$ (92,597)	$ 394,624	$ 243,140

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 387,883	$ 320,298	$ (307,530)	$ 400,651	$ 324,800
Postemployment ERIP benefits-health reimbursement accounts	14,800	-	(14,800)	-	-
Total	$ 402,683	$ 320,298	$ (322,330)	$ 400,651	$ 324,800

Note 7 - Retirement Plans and Postemployment Benefits

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 found on the Indiana University website:https://vpcfo.iu.edu/_assets/doc/fy2019.pdf.

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.

Non-exempt staff retirement plan expenses for the years ended June 30, 2019 and 2018 were $79,169 and $65,607, respectively. Exempt staff retirement plan expenses for the years ended June 30, 2019 and 2018 were $255,511 and $259,961, respectively.

Retirement and Savings Plan - All Support and Service employees with at least a 50% 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.

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

Academic & Professional Staff Employees - Appointed academic and professional staff employees with at least 50% 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 as age 64, provided the 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 public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support staff and temporary employees who normally work at least 50% FTE appointment hired prior to July 1, 2013, participate in the PERF plan. There were 2,493 and 2,885 active university employees covered by this retirement plan as of June 30, 2019 and 2018, respectively. State statutes authorize the university to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. Contributions to PERF are determined by INPRS Board of Trustees in accordance with IC 5-10.2-2-11 and are based on actuarial investigation and valuation. 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%, 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 ten years of PERF creditable service to have a vested right to the pension benefit. The annuity savings account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the annuity savings account. The university has elected to make the contributions to annuity savings account on behalf of the members. 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.

Investments of the pension plan are valued as follows: Investments are reported at fair value. Short-term investments are reported at cost. Fixed income and equity securities are valued based on published market prices, quotations from national security exchanges, or using modeling techniques that approximate a fair value for securities that are not traded on a national exchange. Alternative investments are valued based on quoted market prices or using estimates of fair value in the absence of readily determinable public market values. Derivative instruments are marked to market daily. This report 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 reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the Station totaled $51,930 and $44,127 for fiscal years ended June 30, 2019 and 2018, respectively. This represented an 11.2% university pension benefit contribution for fiscal years ended June 30, 2019 and 2018, and a 3.0% university contribution for the annuity savings account provisions each year.

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

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

At June 30, 2019 and 2018, the Station's reported allocation of the University's share of the net pension liability was $240,700 and $304,738, respectively. The net pension liability was based on the University's measurement date of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018. 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, 2019 and 2018, the Station's proportion was 0.351 and 0.331 percent, respectively. The Station's pension expense as of June 30, 2019 and 2018, was $28,702 and $47,283, respectively.

At June 30, 2019 and 2018, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,148	$ 16	$ 5,783	$ 233
Changes in assumptions	573	38,648	4,893	-
Net difference between projected and actual earnings on pension plan investments	7,129	-	32,926	-
Changes in proportion and differences between the Station's contributions and proportionate share of contributions	14,392	12,960	55,829	61,996
The Station's contributions to the plan subsequent to the measurement date	39,377	-	44,127	-
Total	$ 64,619	$ 51,624	$ 143,558	$ 62,229

Deferred outflows of resources in the amount of $39,377 and $44,127 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, 2020 and 2019, 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	Amount
2020	$ 6,102
2021	(10,074)
2022	(18,146)
2023	(4,264)
2024	-
Thereafter	-
Total	$ (26,382)

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 and Postemployment Benefits (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2018, and June 30, 2017, based on the results of actuarial valuation dates of June 30, 2017, and June 30, 2016, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	2019	2018
Cost of living	FY 2020-2021 - 13th check FY 2022-2033 - 0.4% FY 2034-2038 - 0.5% FY 2039 and on - 0.6%	1.0%
Inflation	2.25%, average	2.25%, average
Future salary increases	2.50% - 4.25%	2.50% - 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 RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled members	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, 2018, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies which reflected the period from July 1, 2010 through June 30, 2014. Member census data as of June 30, 2017, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2017 to the June 30, 2018 measurement date.

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. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	2018		2017	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public equity	22.00 %	4.40 %	22.00 %	4.90 %
Private equity	14.00	5.40	14.00	5.70
Fixed-income - ex-inflation linked	20.00	2.20	20.00	2.30
Fixed-income inflation linked	7.00	0.80	7.00	0.60
Commodities	8.00	2.30	8.00	2.20
Real estate	7.00	6.50	7.00	3.70
Absolute return	10.00	2.70	10.00	3.90
Risk parity	12.00	5.20	12.00	5.10
Total	100.00 %		100.00 %	

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2018 and 2017. 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.

Sensitivity of the Station's Proportionate Share of the PERF Net Pension Liability

The following table presents the university's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, as well as what the university's proportionate share of the 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:

	2019		
	1 Percent Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percent Increase (7.75%)
Net pension liability of the Station	$ 378,901	$ 240,700	$ 125,456

	2018		
	1 Percent Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percent Increase (7.75%)
Net pension liability of the Station	$ 444,450	$ 304,738	$ 188,601

Other Postemployment Benefits

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% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% 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.

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

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. Reflected in this note are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2014, which includes five years of annual contributions to a health reimbursement account

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 paid $814,000 and $826,000 in premiums in the fiscal years ended June 30, 2019 and June 30, 2018, respectively. The university does not maintain a separate legal trust to house assets used to fund postemployment benefits.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019 and 2018, the Station reported $535,648 and $537,086 for its total OPEB liability, respectively. At June 30, 2019 and 2018, the Station reported $60,816 and $30,514 for its total OPEB expense, respectively. The total OPEB liability was measured as of June 30, 2019, and was determined with results from July 1, 2018, actuarially projected on a "no gain / no loss" basis to get to the June 30, 2019 measurement date. Liabilities as of July 1, 2018, are based on an actuarial valuation date of July 1, 2018, with no adjustments. At June 30, 2019 and 2018 the Station's proportion was 0.21 and 0.20 percent, respectively, a change of 5.182% and 0%, respectively.

There were significant changes in assumptions and differences between expected and actual experience during fiscal year 2018. The discount rate changed from 3.87% as of July 1, 2017, to 3.51% as of June 30, 2018. The health care trend rates have been reset to an initial rate of 8.5% decreasing by 0.5% annually to an ultimate rate of 5.0%. The university has not had a recent experience study. The actuarial assumptions for non-18/20 Plans have not been updated since the 2006 valuation.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2019, are summarized as follows:

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	$ 257,826	$ 206,926	$ 72,334	$ 537,086
Service cost	4,647	17,727	2,049	24,423
Interest	9,616	8,926	2,966	21,508
Changes in assumptions	1,374	6,852	4,489	12,715
Differences between expected and actualexperience	(6,738)	(13,306)	-	(20,044)
Change in proportionate share	13,360	10,723	3,748	27,831
Benefit payments	(55,278)	(9,576)	(3,017)	(67,871)
Total OPEB liability, end of year	$ 224,807	$ 228,272	$ 82,569	$ 535,648

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2018, are summarized as follows:

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	$ 313,810	$ 80,912	$ 71,792	$ 466,514
Service cost	6,884	6,222	2,190	15,296
Interest	10,338	2,988	2,602	15,928
Changes in assumptions	(1,580)	6,996	(1,818)	3,598
Differences between expected and actualexperience	(7,250)	117,236	138	110,124
Benefit payments	(64,376)	(7,428)	(2,570)	(74,374)
Total OPEB liability, end of year	$ 257,826	$ 206,926	$ 72,334	$ 537,086

At June 30, 2019 and 2018, the Station reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:				
18/20 Plan	$ 1,203	$ 1,294	$ -	$ 1,405
Retiree health insurance	11,717	-	6,219	-
Retiree life insurance	3,927	1,487	-	1,617
Differences between expected and actual experience:				
18/20 Plan	-	11,827	-	6,444
Retiree health insurance	95,909	11,642	104,208	-
Retiree life insurance	114	-	123	-
Change in proportionate share (TV)	25,810	490	-	-
Total	$ 138,680	$ 26,740	$ 110,550	$ 9,466

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

Years Ending	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Change in Proportionate Share	Total
2020	$ (1,702)	$ 13,712	$ 364	$ 3,545	$ 15,919
2021	(1,702)	13,712	364	3,545	15,919
2022	(1,702)	13,712	364	3,545	15,919
2023	(1,702)	13,712	364	3,545	15,919
2024	(1,702)	13,712	364	3,545	15,919
Thereafter	(3,408)	27,424	734	7,595	32,345
Total	$ (11,918)	$ 95,984	$ 2,554	$ 25,320	$ 111,940

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2019, and June 30, 2018, based on the results of actuarial valuation dates of June 30, 2019, and June 30, 2018, with no adjustments to get to the June 30, 2019 and 2018 measurement date. Significant actuarial methods and assumptions used to calculate the Station's total OPEB liability were:

	2019	2018
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 rates	8.5% for fiscal year 2020 to 5.0% for fiscal year 2027 and later years	9.0% for fiscal year 2019 to 5.0% for fiscal year 2027 and later years
Mortality rates	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary

Discount Rate

The discount rate used in valuing OPEB liabilities as of June 30, 2019, was 3.51% and 3.87% as of July 1, 2018. 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 Bond Buyer Go 20 index was used for the current discount rate.

Sensitivity of Total OPEB Liability to the Discount Rate

The following table presents the June 30, 2019, total OPEB liability using the discount rate of 3.51%, as well as what the 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:

	2019		
	1 Percent Decrease (2.51%)	Current Discount Rate (3.51%)	1 Percent Increase (4.51%)
18/20 plan	$ 228,581	$ 224,807	$ 220,972
Retiree health insurance	248,450	228,272	209,770
Retiree life insurance	97,300	82,569	70,977

The following table presents the June 30, 2018, total OPEB liability using the discount rate of 3.87%, as well as what the 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:

	2018		
	1 Percent Decrease (2.87%)	Current Discount Rate (3.87%)	1 Percent Increase (4.87%)
18/20 plan	$ 262,657	$ 257,826	$ 252,913
Retiree health insurance	225,040	206,926	190,331
Retiree life insurance	84,820	72,334	62,463

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the university's retiree health insurance OPEB liability for both years as well as what the retiree health insurance OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		
	1 Percent Decrease (7.50% decreasing to 4.00%)	Current Discount Rate (8.50% decreasing to 5.00%)	1 Percent Increase (9.50% decreasing to 5.00%)
Retiree health insurance	$ 200,628	$ 228,272	$ 261,246

	2018		
	1 Percent Decrease (8.00% decreasing to 4.00%)	Current Discount Rate (9.00% decreasing to 5.00%)	1 Percent Increase (10.00% decreasing to 5.00%)
Retiree health insurance	$ 184,208	$ 206,926	$ 233,782

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

Note 8 - Risk Management

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 $400,000 for each claim and $1,200,000 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 by the University. All organizational units of the University, including the Station, are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

Note 9 - 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 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 ten phases. The Station has been assigned to phase six and a majority of the Station’s capital expenditures in connection with the repack have occurred in 2019 and have been submitted for reimbursement. No FCC reimbursements were submitted or received in fiscal years 2018 and 2017. The Station anticipates that all eligible costs, including equipment, incurred related to the repack will be reimbursed by the FCC.

Note 10 - Commitments

The Station has outstanding commitments for capital construction costs of $717,200 as of June 30, 2019.

Required Supplemental Information

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

Last Three Plan Years

For the Plan Year Ended June 30

	2018	2017	2016
Station's proportion of the net pension liability (asset)	0.35100 %	0.33100 %	0.33100 %
Station's proportionate share of the net pension liability (asset)	$ 240,700	$ 304,738	$ 316,731
Station's covered payroll	$ 437,674	$ 425,348	$ 461,771
Station's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.00 %	71.64 %	68.59 %
Plan fiduciary net position as a percentage of total pension liability	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 2014. Additional years will be included in future reports as data becomes available.

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

Last Three Fiscal Years

Year Ended June 30

	2019	2018	2017
Statutorily required contribution	$ 51,930	$ 44,127	$ 48,674
Contributions in relation to the statutorily required contribution	51,930	44,127	48,674
Contribution Excess	**$ -**	**$ -**	**$ -**
Station's Covered Employee Payroll	**$ 355,786**	**$ 393,640**	**$ 447,371**
Contributions as a Percentage of Covered Employee Payroll	**14.60 %**	**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 2015. 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 - No Trust

Last Two Plan Years

	18/20 Plan		Retiree Health Insurance		Retiree Life Insurance	
	2019	2018	2019	2018	2019	2018
Total OPEB Liability						
Service cost	$ 4,647	$ 6,884	$ 17,727	$ 6,222	$ 2,049	$ 2,190
Interest	9,616	10,338	8,926	2,988	2,966	2,602
Change in proportionate share (for TV)	13,360	-	10,723	-	3,748	-
Differences between expected and actual experience	(6,738)	(7,250)	(13,306)	117,236	-	138
Changes in assumptions	1,374	(1,580)	6,852	6,996	4,489	(1,818)
Benefit payments, including refunds	(55,278)	(64,376)	(9,576)	(7,428)	(3,017)	(2,572)
Net Change in Total OPEB Liability	(33,019)	(55,984)	21,346	126,014	10,235	540
Total OPEB Liability - Beginning of year	257,826	313,810	206,926	80,912	72,334	71,794
Total OPEB Liability - End of year	**$ 224,807**	**$ 257,826**	**$ 228,272**	**$ 206,926**	**$ 82,569**	**$ 72,334**
Covered Payroll	$ 1,071,781	$ 934,130	$ 387,673	$ 326,538	$1,055,508	$1,163,900
Total OPEB Liability as a Percentage of Covered Payroll	20.98 %	27.60 %	58.88 %	63.37 %	7.82 %	6.21 %

GASB Statement No. 75 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.

Pension Information

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% 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% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% 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 Year 2017, 2016, 2015

Changes of Benefit Terms: None

Changes in Assumptions: None

OPEB Information

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

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% as of June 30, 2018, and 3.58% 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 % 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% decreasing by 0.5% annually to an ultimate rate of 5.0%.

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.