WTIU-TV

(A Public Telecommunications Entity Operated as a Department of Indiana University)

Financial Report
June 30, 2018

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UNIVERSITY OFFICIALS

Office	Official	Term
University President	Dr. Michael A. McRobbie	07-01-17 to 06-30-21
University Provost and Executive Vice President	Lauren Robel	07-01-17 to 06-30-21
University Vice President and Chief Financial Officer	John Sejdinaj	07-01-17 to 06-30-19
University Treasurer	Donald Lukes	07-01-17 to 06-30-19
Chairman of the Board of of Trustees	Michael J. Mirro	07-01-17 to 06-30-19
Executive Director of Radio and TV Services	Perry Metz	07-01-17 to 06-30-19
Chief Financial Officer of Radio and TV Services	Donna Stroup	07-01-17 to 06-30-19

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Independent Auditor's Report

RSM US LLP

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 year ended 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 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 financial statements referred to above present fairly, in all material respects, the financial position of WTIU-TV as of June 30, 2018, and the changes in its financial position and its cash flows for the year 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, 2018 and 2017, 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.

As discussed in Note 7 to the financial statements, WTIU-TV restated beginning net position to correct an error in the recognition of net pension liability under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the financial statements, WTIU-TV adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position and other postemployment benefits liability. Our opinion is not modified with respect to this matter.

Other Matter
The financial statements of WTIU-TV, as of and for the year ended June 30, 2017, were audited by other auditors, whose report, dated February 7, 2019, expressed an unmodified opinion on those statements. An emphasis of matter paragraph was included in the report for a restatement to reflect material changes resulting from the removal of investments held and owned by the University's Foundation and other non-material corrections of errors.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-9, the Indiana Public Employee's Retirement Fund pension plan schedules and the Schedule of Station's Proportionate Share of the Total OPEB Liability, 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
May 16, 2019

WTIU-TV (the Station) presents its audited financial statements for the year ended June 30, 2018, along with comparative data for the years ended June 30, 2017 and 2016 (as Restated). 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, 2018, were $3,826,525, an increase of $1,163,221, primarily due to an increase in capital asset additions. Net capital assets comprised $2,416,307 of the total assets. Total assets at June 30, 2017, were $2,663,304. Net capital assets comprised $1,022,707 of the total assets.

Deferred outflows of resources at June 30, 2018 were $254,108, an increase of $41,287 from June 30, 2017.

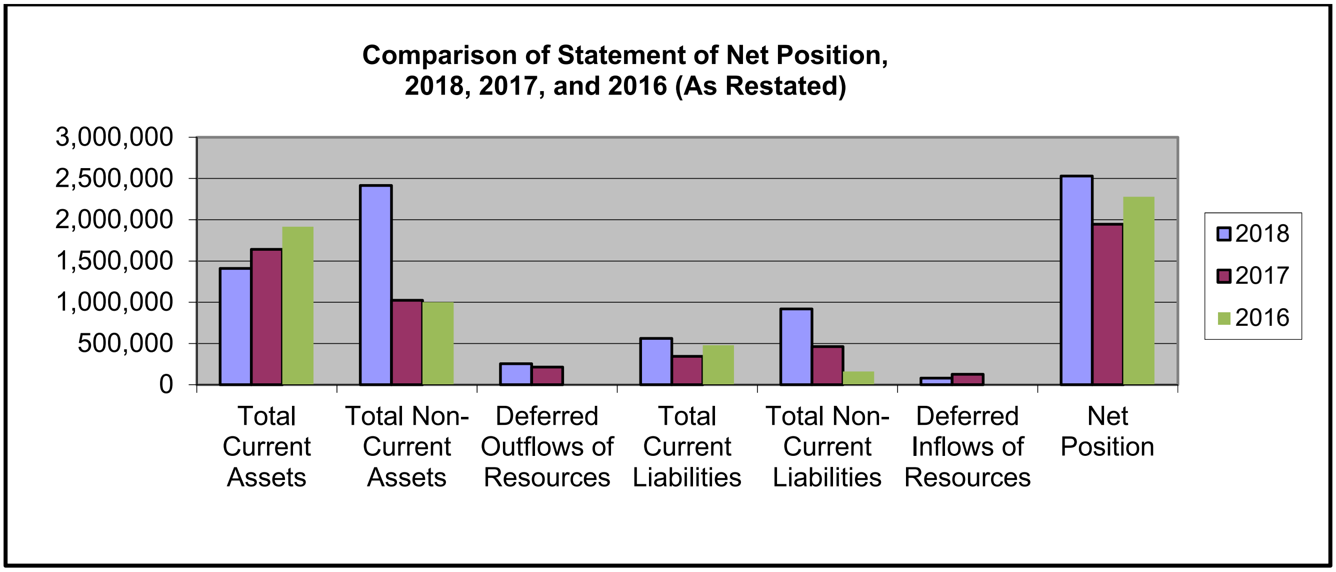
Total liabilities were $1,478,893 at June 30, 2018, an increase of $674,323. Noncurrent liabilities were $917,675, or approximately 62.1% of total liabilities at June 30, 2018. Total liabilities were $804,750 at June 30, 2017. Noncurrent liabilities were $461,614 or 57.4% or of the total liabilities at June 30, 2017.

Deferred inflows of resources at June 30, 2018 were $71,695, a decrease of $54,812 from June 30, 2017.

Total net position at June 30, 2018, was $2,530,045, a $584,997 increase from the prior year, or a 30.1% increase in net position, including the effects of restatement. Total net position at June 30, 2017, was $1,945,048. A comparison of WTIU's assets, liabilities, and net position at June 30, 2018, 2017 and 2016 (as Restated) is summarized as follows:

CONDENSED STATEMENT OF NET POSITION - WTIU			
	Fiscal Year Ended		
	June 30, 2018	*June 30, 2017*	*June 30, 2016*
			As Restated
Current Assets	1,410,218	1,640,596	1,914,811
Noncurrent Assets/Capital Assets	2,416,307	1,022,707	999,642
Total Assets	**3,826,525**	**2,663,303**	**2,914,453**
Deferred Outflows of Resources	**254,108**	**212,821**	
Current Liabilities	561,218	342,956	476,778
Noncurrent Liabilities	917,675	461,614	159,059
Total Liabilities	**1,478,893**	**804,570**	**635,837**
Deferred Inflows of Resources	**79,695**	**126,507**	
Net Investments in Capital Assets	2,416,307	1,022,707	999,642
Restricted for Expendable Station Activities	11,709	44,716	102,071
Unrestricted	102,029	877,625	1,176,903
Total Net Position	**2,530,045**	**1,945,048**	**2,278,616**

The composition of current and non-current assets, deferred outflows, liabilities, deferred inflows and net position is displayed below for the 2018, 2017, and 2016 (as Restated) 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 - WTIU			
	Fiscal Year Ended		
	June 30, 2018	*June 30, 2017*	*June 30, 2016*
			As Restated
Operating Revenues	1,802,463	1,879,021	1,668,822
Operating Expenses	(7,835,619)	(7,309,162)	(6,761,769)
Total Operating Loss	(6,033,156)	(5,430,141)	(5,092,947)
Net Nonoperating Revenues	7,084,668	5,343,925	5,441,882
Increase in Net Position	**1,051,512**	**(86,216)**	**348,935**
Net Position - Beginning of Year	1,945,048	2,278,616	5,099,819
Prio Period Adjustments	(466,515)	(247,352)	(3,170,138)
Net Position - Beginning of Year, as Restated	1,478,533	2,031,264	1,929,681
Net Position - End of Year	**2,530,045**	**1,945,048**	**2,278,616**

Revenues

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.

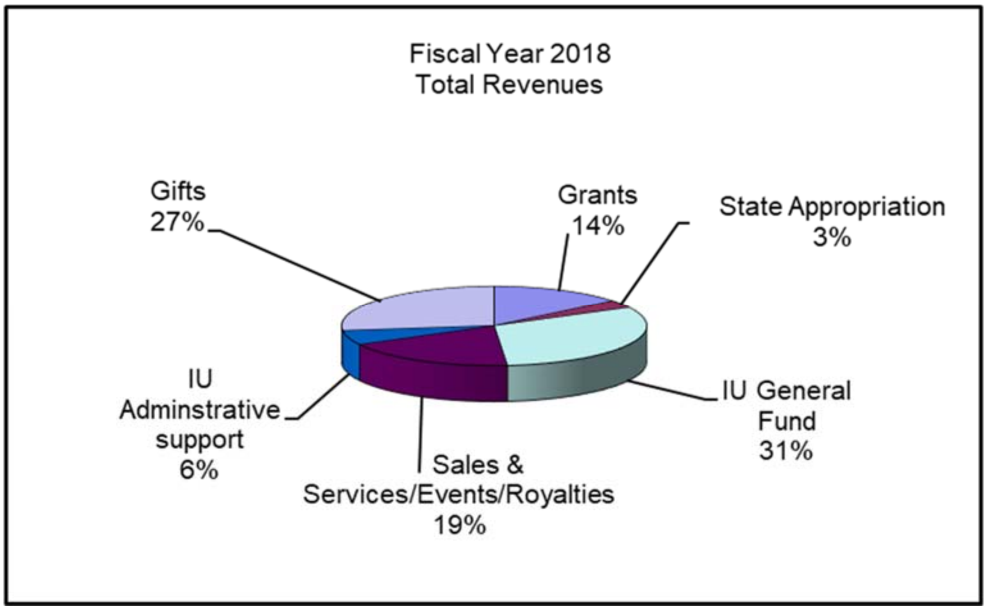
Net non-operating revenues increased 32.6%, primarily due to the Corporate/Foundation, and Individual contributions. Specifically, non-operating revenue changes were the result of the following factors:

- 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 an 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 summary, 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 $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%.

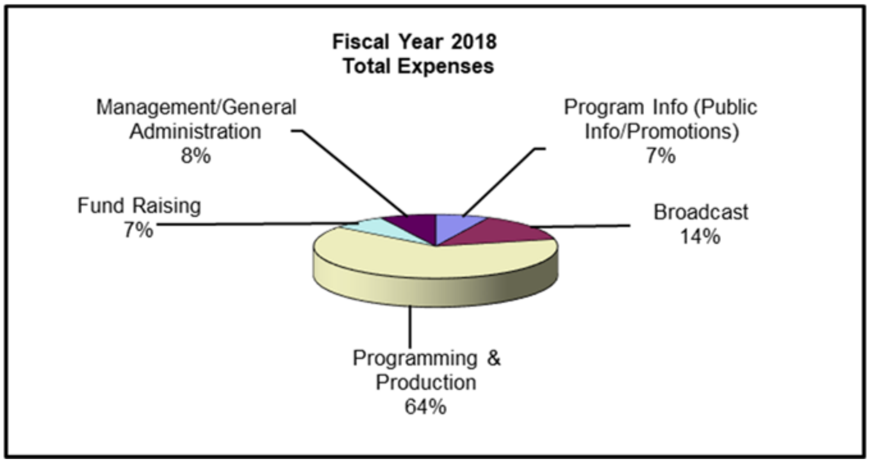
For specific functional areas:

- 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.

Operating expenses were $7,309,162 for the 2017 fiscal year.

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 $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 - WTIU			
		Fiscal Year Ended	
	June 30, 2018	*June 30, 2017*	*June 30, 2016*
			As Restated
Net Cash Used by:			
Operating Activities	(5,155,048)	(4,805,203)	(4,560,841)
Noncapital Financing Activities	6,560,896	4,865,987	5,187,652
Capital and Related Financing Activities	(1,587,102)	(283,390)	(518,320)
Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(181,254)	(222,606)	108,491
Beginning Cash and Cash Equivalents	1,320,609	1,543,215	1,434,724
Ending Cash and Cash Equivalents	**1,139,355**	**1,320,609**	**1,543,215**

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 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 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 $181,254 in cash and cash equivalents in 2018.

Capital Assets

At June 30, 2018, June 30, 2017, and June 30, 2016 (as Restated), the Station had $2,416,307, $1,022,707, and $999,642 respectively, invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ended June 30, 2018, June 30, 2017, and June 30, 2016 (as Restated), totaled $226,065, $258,826, and $345,210 respectively.

Details of these assets are shown below:

Net Capital Assets at Year-End	June 30, 2018	June 30, 2017	June 30, 2016 As Restated
Transmission, Antenna, and Tower	$619,740	$562,249	$576,745
Studio and Other Broadcast Equipment	1,657,695	460,458	422,897
Furniture and Fixtures	138,872	0	0
Capital Assets, Net	$2,416,307	$1,022,707	$999,642

Capital additions for the year consist of the following:

513416	Reception Remodel BD CAMS Code	$ 133,121.36
516356	SIMON SKJODT ASSEMBLY HALL	8,568.00
516507	LG Super 86 UHD Smart LED TV	6,334.35
516635	FreeSpeak II-Base-II Intercom system with Transceivers at Cuban Studio, Assembly Hall.	42,851.00
516636	FreeSpeak II-Base-II Intercom system for Studio 6 in RTV.	17,295.00
517523	Sony PXW-X200 XDCAM Handheld Camcorder	6,715.26
518940	EEG iCap HD492 Smart Encoder (caption encoder)	8,231.73
519315	Sony PXW-X320 XDCAM Camcorder with 63-126mm Lens	15,189.28
519072	WTIU Master Control switcher and graphics (5-channels)	152,239.55
519393	Dell PowerEdge R640 computer server	9,941.40
519605	Grass Valley 18 Piece Video Production System	1,186,614.95
517280	Maxima Heads and Pan Bars	9,530.40
517281	Maxima Heads and Pan Bars	9,530.40
517282	Maxima Heads and Pan Bars	9,530.40
517283	Maxima Heads and Pan Bars	9,530.40
	Total Capital Additions	$ 1,625,223.48

Purchases planned for FY19 include completion of installation of a new transmitter and antenna, tower lighting, intercom system, camera and monitor replacement.

Economic Outlook

Fiscal year 2019 will mark a period of significant change for WTIU and all of television: In late summer/early fall, we will migrate to a new channel assignment with a new transmitter compatible with the new broadcast standard of ATSC 3.0. Although the FCC will cover the cost of a new transmitter as part of channel reassignment, we have chosen to pay more for forward-compatible equipment; that will save the station money when we begin broadcasting in the new standard. This year will be the first to feel the effects of the new tax law, as we wait to see whether individual contributions are affected by fewer people filing itemized returns. This year also will be the first full year of operation of the new Cuban Studios in the Athletics complex, part of our seven-year contract. That agreement will provide financial stability for the station.

At the instruction of the State Board of Accounts, we have restated last year's financials to remove our savings and (modest) endowments held at the IU Foundation. While management believes that financial statements are more useful when they show all assets and liabilities, the State Board does not want to include funds that are legally owned by IUF. WTIU continues to operate in a strong position, both creatively and financially. Our local productions continue to receive national attention and awards; news continues to expand; and planned giving is growing. A major capital request by all the IPBS stations is before the legislature; if funded, that also would help meet capital needs for at least the next two years. Should there be a national recession, we will of course be affected but will be able to weather the storm because we carry no debt and expect manageable capital purchases in the year ahead.

WTIU-TV
(A Public Telecommunications Entity Operated by Indiana University)

Statements of Net Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 1,139,355	$ 1,320,609
Grants receivable	-	51,750
Other receivables	1,709	10,296
Prepaid expenses	269,154	257,942
Total current assets	1,410,218	1,640,597
Non-current assets:		
Capital assets	9,535,599	8,115,838
Less accumulated depreciation	(7,119,292)	(7,093,131)
Total non-current assets	2,416,307	1,022,707
Total assets	3,826,525	2,663,304
Deferred outflow of resources - OPEB	110,550	-
Deferred outflow of resources - pension	143,558	212,821
Total deferred outflow of resources	254,108	212,821
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	179,725	85,156
Other liabilities	56,693	-
Compensated absences - current portion	324,800	257,800
Total current liabilities	561,218	342,956
Non-current liabilities:		
Net pension liability	304,738	316,731
Postemployment benefits liability	537,086	-
Compensated absences - long-term portion	75,851	144,883
Total non-current liabilities	917,675	461,614
Total liabilities	1,478,893	804,570
Deferred inflow of resources - OPEB	9,466	-
Deferred inflow of resources - pension	62,229	126,507
Total deferred inflow of resources	71,695	126,507
Net position:		
Investment in capital assets	2,416,307	1,022,707
Restricted for station activities	11,709	44,716
Unrestricted	102,029	877,625
Total net position	$ 2,530,045	$ 1,945,048

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

WTIU-TV
(A Public Telecommunications Entity Operated by Indiana University)

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

	2018	2017
Operating revenue:		
Facility sales and services	**$ 1,636,010**	$ 1,749,186
Miscellaneous grants	**158,993**	125,638
Event income	**775**	-
Royalty income	**6,685**	4,197
Total operating revenue	**1,802,463**	1,879,021
Operating expenses:		
Program services:		
Programming and production	**5,005,542**	4,705,943
Broadcasting	**1,117,531**	1,088,794
Public information and promotion	**562,898**	493,056
Total program expenses	**6,685,971**	6,287,793
Supporting services:		
Management and general	**581,718**	526,225
Fundraising, membership development, and underwriting solicitation	**567,930**	495,144
Total supporting expenses	**1,149,648**	1,021,369
Total operating expenses	**7,835,619**	7,309,162
Operating loss	**(6,033,156)**	(5,430,141)
Non-operating revenues (expenses):		
General fund support from Indiana University	**2,781,124**	2,720,049
Donated facilities and administrative support from Indiana University	**525,706**	458,874
Appropriation from the State of Indiana	**283,368**	377,824
CPB contributions	**1,096,753**	1,187,922
Individual contributions	**93,392**	8,980
Corporation/foundation contributions	**2,282,125**	571,213
In-kind support - other	**22,200**	20,562
Loss on disposal of capital assets	**-**	(1,499)
Net non-operating revenues	**7,084,668**	5,343,925
Increase (decrease) in net position	**1,051,512**	(86,216)
Net position, beginning of year, as restated (Note 7)	**1,478,533**	2,031,264
Net position, end of year	**$ 2,530,045**	$ 1,945,048

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

WTIU-TV

(A Public Telecommunications Entity Operated by Indiana University)

Statements of Cash Flows

For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Grants	**$ 210,500**	$ 128,288
Sales and services	**1,644,597**	1,781,912
Payments to employees	**(4,014,190)**	(3,877,215)
Payments to vendors	**(3,003,658)**	(2,842,385)
Other receipts	**7,703**	4,197
Net cash used in operating activities	**(5,155,048)**	(4,805,203)
Cash flows from noncapital financing activities:		
General Fund support from Indiana University	**2,748,564**	2,720,048
Appropriation from State of Indiana	**283,368**	377,824
Contributions	**3,528,964**	1,768,115
Net cash provided by noncapital financing activities	**6,560,896**	4,865,987
Cash flows from capital and related financing activities:		
Purchase of capital assets	**(1,587,102)**	(283,390)
Net decrease in cash	**(181,254)**	(222,606)
Cash and cash equivalents - beginning of year	**1,320,609**	1,543,215
Cash and cash equivalents - end of year	**$ 1,139,355**	$ 1,320,609
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$ (6,033,156)**	$ (5,430,141)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**226,064**	258,826
Donated facilities and administrative support from Indiana University	**525,706**	458,874
In-kind support - State of Indiana/other	**22,200**	20,562
(Increase) decrease in assets:		
Grant receivable	**51,750**	2,650
Other receivables	**8,587**	32,726
Prepaid expenses	**(11,212)**	16,233
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**94,568**	(133,821)
Net pension and related deferrals	**(7,008)**	(16,935)
Postemployment benefits liability and related deferrals	**(30,515)**	-
Compensated absences	**(2,032)**	(14,177)
Net cash used in operating activities	**$ (5,155,048)**	$ (4,805,203)
Noncash capital and related financing activities		
Capital asset transferred from an Indiana University department as general fund support	**$ 32,560**	$ -

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

Note 1. Summary of Significant Accounting Policies

A. Organization

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.

B. 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 $2,238,486 and $514,624 to the Station during fiscal years 2018 and 2017, respectively.

C. 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 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.

D. 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.

E. 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, 2018 and 2017.

Note 1. Summary of Significant Accounting Policies (Continued)

F. 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.

G. Accounts Payable and Accrued Expenses

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

H. 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.

I. 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.

J. 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.

K. 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.

L. Revenue Recognition – Unrestricted

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

Note 1. Summary of Significant Accounting Policies (Continued)

M. Revenue Recognition – 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.

N. 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.

O. 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.

P. 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.

Q. 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 2018 and 2017.

R. 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:

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

Note 1. Summary of Significant Accounting Policies (Continued)

S. Adoption of New Standard

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments providing postemployment benefits other than pensions (OPEB) to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI) for material items. See Note 7.

T. 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:

- 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.

Note 2. Deposits and Investments

A. Deposits

WTIU-TV maintains no directly held bank accounts. Rather, the Station's funds are held and managed by Indiana University. Indiana University has an Investment Policy Statement. The investment policy ultimately determines the credit risk for the Station. The Station's "demand deposits" were as follows:

	2018	2017
Indiana University	$ 1,139,355	$ 1,320,609

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.

Note 2. Deposits and Investments (Continued)

B. Investments

Statutory Authorization for Investments

The Indiana 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, 2018 and 2017, the Station did not hold any investments.

Note 3. Capital Assets

Capital assets includes both purchased and donated assets. There were no donated capital assets during fiscal year 2018. Capital asset activity for the years ended June 30, 2018 and 2017, were as follows:

	2018			
	Beginning Balance	Additions	Retirements	Ending Balance
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
Building components	7,763	140,630	-	148,393
Total	8,115,838	1,619,664	199,903	9,535,599
Less accumulated depreciation:				
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
Building components	7,763	1,758	-	9,521
Total accumulated depreciation	7,093,131	226,064	199,903	7,119,292
Capital assets, net	$ 1,022,707	$ 1,393,600	$ -	$ 2,416,307

Note 3. Capital Assets (Continued)

	2017			
	Beginning Balance (As Restated)	Additions	Retirements	Ending Balance
Transmission, antenna and tower	$ 3,719,796	$ 89,934	$ -	$ 3,809,730
Studio and other broadcast equipment	4,147,880	193,456	42,991	4,298,345
Building components	7,763	-	-	7,763
Total	7,875,439	283,390	42,991	8,115,838
Less accumulated depreciation:				
Transmission, antenna and tower	3,143,051	104,430	-	3,247,481
Studio and other broadcast equipment	3,724,983	154,396	41,492	3,837,887
Building components	7,763	-	-	7,763
Total accumulated depreciation	6,875,797	258,826	41,492	7,093,131
Capital assets, net	$ 999,642	$ 24,564	$ 1,499	$ 1,022,707

Depreciation expense for the years ended June 30, 2018 and 2017, was charged to the major functional areas as follows:

	2018	2017
Depreciation expense:		
Programming and production	$ 129,559	$ 154,396
Broadcasting	94,748	104,430
Management and general	1,757	-
Total depreciation expense	$ 226,064	$ 258,826

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 Studio Camera Systems	18-02-N06114	$ 467,278	6/2018
High Definition Conversion - Production	18-02-N07152	695,700	3/2019
High Definition (Remote) - Production	18-02-N09157	233,400	6/2021
(Remote) Production, HD Cam Upgrade	18-02-N10060	422,700	6/2022

Note 4. Indiana University Donated Facilities and Administrative Support

Administrative support from Indiana 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 Indiana University is estimated at $227,904 and $165,641 for fiscal years ending June 30, 2018 and 2017, respectively, and is computed using operating expenses as the base.

Note 4. Indiana University Donated Facilities and Administrative Support (Continued)

Physical plant support from Indiana University is estimated at $57,348 and $53,583 for fiscal years ending June 30, 2018 and 2017, 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 physical plant costs allocated to the Station by the University are included in the general fund support from the University.

The value of Indiana University donated facilities is calculated on the Annual Value Computations for Buildings and Tower Facilities form provided by the Corporation for Public Broadcasting. Space increased in fiscal year 2017 due to a reallocation and increase in space occupied. For the renovated Radio and TV Building for fiscal years ending June 30, 2018 and 2017, the totals for the Station were $222,381 and $221,636, respectively. For the new roof and satellite dish mount on the Radio and TV Building for fiscal years ending June 30, 2018 and 2017, the totals for the Station were $18,073 and $18,014, respectively. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Note 5. Compensated Absences

Long-term liability activity for the years ended June 30, 2018 and 2017, was as follows:

	2018					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Compensated absences	$ 387,883	$ 305,498	$ 307,530	$ 385,851	$ 310,000	$ 75,851
Postemployment ERIP benefits-health reimbursement accounts	14,800	-	-	14,800	14,800	-
Total	$ 402,683	$ 305,498	$ 307,530	$ 400,651	$ 324,800	$ 75,851

	2017					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
Compensated absences	$ 387,259	$ 256,611	$ 255,987	$ 387,883	$ 243,000	$ 144,883
Postemployment ERIP benefits-health reimbursement accounts	29,600	-	14,800	14,800	14,800	-
Total	$ 416,859	$ 256,611	$ 270,787	$ 402,683	$ 257,800	$ 144,883

Note 6. Retirement Plans and Postemployment Benefits

The Station's appointed employees are covered by the same retirement plans as other employees of Indiana 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/resources/.

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, with the exception of early retirement incentive plan (ERIP) contributions to health savings accounts, which are accrued for in long-term liabilities.

Note 6. Retirement Plans and Postemployment Benefits (Continued)

Non-exempt staff retirement plan expenses for the years ended June 30, 2018 and 2017, were $65,607 and $66,250, respectively. Exempt staff retirement plan expenses for the years ended June 30, 2018 and 2017, were $259,961 and $261,005, respectively. ERIP contributions to health savings accounts for the years ended June 30, 2018 and 2017 were $0 and $14,800, 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 1,000 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 & 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.

<u>Indiana Public Employees' Retirement Fund</u>

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, technical, and service employees with at least a 50% full-time equivalent (FTE) appointment hired prior to July 1, 2013, participate in the PERF plan. There were 7 active Station employees covered by this retirement plan as of June 30, 2018 and 2017. 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 for 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.

Note 6. Retirement Plans and Postemployment Benefits (Continued)

Investments of the pension plan are valued as follows: Pooled and non-pooled 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 allocated to the Station totaled $44,127 and $48,674 for fiscal years ended June 30, 2018 and 2017, respectively. This represented an 11.2% pension benefit contribution for fiscal years ended June 30, 2018 and 2017, and a 3.0% contribution for the annuity savings account provisions each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018 and 2017, the Station's reported allocation of the University's share of the net pension liability was $304,738 and $316,731, respectively. The net pension liability was based on the University's measurement date of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, which used update procedures to roll forward the estimated liability to June 30, 2017. 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, 2018 and 2017, the Station's proportion was .331%. The Station's pension expense as of June 30, 2018 and 2017, was $47,283 and $42,742, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,783	$ 233
Changes in assumptions	4,893	-
Net difference between projected and actual earnings on pension plan investments	32,926	-
Changes in proportion and differences between allocated contributions and proportionate share of contributions	55,829	61,996
Allocated contributions subsequent to measurement date	44,127	-
Total	$ 143,558	$ 62,229

Deferred outflows of resources in the amount of $44,127 related to pensions resulting from Station contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Note 6. Retirement Plans and Postemployment Benefits (Continued)

At June 30, 2017, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,097	$ 586
Changes in assumptions	13,975	-
Net difference between projected and actual earnings on pension plan investments	51,841	-
Changes in proportion and differences between allocated contributions and proportionate share of contributions	91,234	125,921
Allocated contributions subsequent to measurement date	48,674	-
Total	$ 212,821	$ 126,507

Deferred outflows of resources in the amount of $48,674 related to pensions resulting from Station contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Fiscal years ended June 30,	
2018	$ 9,243
2019	22,576
2020	7,022
2021	(1,639)
	$ 37,202

Note 6. Retirement Plans and Postemployment Benefits (Continued)

Actuarial Assumptions – The total pension liability as of the measurement dates June 30, 2017, and June 30, 2016, based on the results of actuarial valuation dates of June 30, 2016, and June 30, 2015, and rolled forward to June 30, 2017 and 2016, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	Measurement date as of June 30, 2017	Measurement date as of June 30, 2016
Cost of living	1.0%	1.0%
Rate of inflation	2.25%, average	2.25%, average
Salary increases	2.50% to 4.25%	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 RP 2014 (with MP 2014 improvement removed) Total Data Mortality Tables and Disability Mortality tables for disabled members	Based on RP 2014 (with MP 2014 improvement removed) Total Data Mortality Tables

The actuarial assumptions used in the valuations of June 30, 2017, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies completed in April 2015, which reflected the experience period from July 1, 2010, through June 30, 2014. The valuations of June 30, 2017, incorporate member census data as of June 30, 2016, adjusted for certain activity during fiscal year 2017. Standard actuarial techniques were used to roll forward valuation results over one year.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22.0%	4.9%
Private equity	14.0%	5.7%
Fixed income - ex-inflation linked [1]	20.0%	2.3%
Fixed income - inflation linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real estate	7.0%	3.7%
Absolute return	10.0%	3.9%
Risk parity	12.0%	5.1%
Total	100.0%	

[1] Includes cash and cash equivalents

Note 6. Retirement Plans and Postemployment Benefits (Continued)

Discount rate – The discount rate used to measure the total pension liability was 6.75% for PERF as of measurement dates June 30, 2017 and 2016. 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 Station's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, as well as what the Station'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:

Sensitivity of pension liability	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
June 30, 2018	$ 444,450	$ 304,738	$ 188,601
June 30, 2017	454,900	316,731	201,890

Other Postemployment Benefits

The University provides certain postemployment benefits for retired employees that the Station as a department of the University participates in. 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 Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: 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 of Indiana University (trustees). 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 early retirement incentive plans, approved by executive management in fiscal years 2011 and 2014, which include five years of annual contributions to a health reimbursement account.

Note 6. Retirement Plans and Postemployment Benefits (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2018, the Station reported $537,086 for its total OPEB liability and $30,514 for its total OPEB expense. The total Station OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018. The Station's proportion of the OPEB liability was based on wages reported by the Station relative to the collective wages of the University. At June 30, 2018 the Station's proportion was .20%.

There were significant changes in assumptions and differences between expected and actual experience during fiscal year 2018. The discount rate changed from 3.58% as of July 1, 2017 to 3.87% as of June 30, 2018. There was a change in cost methods from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level percent of Salary. 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. 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% which resulted in an increase in liabilities. 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions:		
18/20 Plan	$ -	$ 1,405
Retiree health insurance	6,219	-
Retiree life insurance	-	1,617
Differences between expected and actual experience:		
18/20 Plan	-	6,444
Retiree health insurance	104,208	-
Retiree life insurance	123	-
Total	$ 110,550	$ 9,466

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

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
2019	$ (981)	$ 13,804	$ (187)	$ 12,636
2020	(981)	13,804	(187)	12,636
2021	(981)	13,804	(187)	12,636
2022	(981)	13,804	(187)	12,636
2023	(981)	13,804	(187)	12,636
Thereafter	(2,944)	41,407	(559)	37,904
	$ (7,849)	$ 110,427	$ (1,494)	$ 101,084

Note 6. Retirement Plans and Postemployment Benefits (Continued)

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

Payroll growth (medical/life plan)	3.0%
Payroll growth (18/20 plan)	2.5%
Rate of inflation	3.0%
Health care cost trend rates	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
Actuarial cost method	Entry Age Normal Level % of Salary

Discount rate – The discount rate used in valuing OPEB liabilities as of June 30, 2018, was 3.87%. 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, 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:

Sensitivity of total OPEB liability	1% Decrease (2.87%)	Current Discount (3.87%)	1% Increase (4.87%)
18/20 plan	$ 262,657	$ 257,825	$ 252,913
Retiree health insurance	225,040	206,927	190,331
Retiree life insurance	84,820	72,334	62,463
	$ 572,517	$ 537,086	$ 505,707

Sensitivity of total OPEB liability to the health care trend rate – The following table presents the June 30, 2018, total OPEB liability, as well as what the total 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:

Sensitivity of total OPEB liability	1% Decrease (8% decreasing to 4%)	Current Trend (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Retiree health insurance	$ 184,208	$ 206,927	$ 233,782

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

Note 7. Restatement

The Station restated beginning net position as follows:

Net position July 1, 2016, as previously reported	$ 2,278,616
Recognize net pension liability and deferred outflows/inflows of resources	(247,352)
Net position July 1, 2016, as restated	$ 2,031,264
Net position July 1, 2017, as previously reported	$ 2,175,464
Recognize net pension liability and deferred outflows/inflows of resources	(230,417)
Recognize OPEB liability	(466,514)
Net position July 1, 2017, as restated	$ 1,478,533

The net position was restated for the recognition of the net pension liability, deferred outflows of resources, and deferred inflows of resources under GASB 68, *Accounting and Financial Reporting for Pensions,* allocated to the Station from the University. The effect on the change in net position as previously reported for the year ended June 30, 2017 is an increase of $16,936.

In accordance with GASB Statement No. 75, the Station has reported a $466,514 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. June 30, 2017, amounts have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

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 Station's contribution is included in the contributed support and expense allocation from the University.

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 are planned to occur in 2019. 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.

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Required Supplementary Information
Schedule of the Station's Proportionate Share of the Net Pension Liability for Indiana Public Employee's Retirement Fund (Last 10 years[1])

	2018	2017
Measurement date	June 30, 2017	June 30, 2016
Station's proportion of the net pension liability	0.00331%	0.00331%
Station's proportionate share of the net pension liability	$ 304,738	$ 316,731
Station's covered payroll	$ 425,348	$ 461,771
Station's proportionate share of the net pension as a percentage of its covered payroll	71.64%	68.59%
Plan fiduciary net position as a percentage of the total pension liability	76.60%	75.30%

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

See note to required supplementary information.

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Required Supplementary Information
Schedule of Station Contributions for the Indiana Public Employee's Retirement Fund (Last 10 years[1])

	2018	2017
Statutorily required contribution	$ 44,127	$ 48,674
Contributions in relation to the statutorily required contributions	(44,127)	(48,674)
Contribution deficiency (excess)	$ -	$ -
Station's covered payroll	$ 393,640	$ 447,371
Contributions as a percentage of covered payroll	11.21%	10.88%

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

See note to required supplementary information.

Note to Required Supplementary Information – Pension Liability

Changes of Benefit Terms:

None

Changes of 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.

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Required Supplementary Information
Schedule of the Station's Proportionate Share of the Total OPEB Liability and Notes - Indiana University OPEB Plans (Last 10 years[1])

	2018
Station's proportion of the total OPEB liability	0.200%
Station's proportionate share of the total OPEB liability	$ 537,086
Station's covered payroll	$ 2,564,767
Station's proportionate share of the total OPEB as a percentage of its covered payroll	20.94%

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

Notes:

Benefit Changes:

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, 2018. 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%.