

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENTS AUDIT REPORT

WVUB-FM  
A PUBLIC RADIO STATION OPERATED  
BY VINCENNES UNIVERSITY  
VINCENNES, INDIANA

July 1, 2015 to June 30, 2016



**FILED**  
01/06/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-15 to 06-30-17
President	Richard E. Helton Charles Johnson (interim) Charles Johnson	07-01-15 to 07-31-15 08-01-15 to 12-01-15 12-02-15 to 12-31-18
Chairman of the Board	John R. Gaylor John A. Stachura	07-01-15 to 10-04-15 10-05-15 to 10-04-17
General Manager	Nichole Carie	07-16-15 to 06-30-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WVUB-FM, A PUBLIC RADIO STATION OPERATED  
BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities of WVUB-FM, a public radio station of Vincennes University (WVUB-FM), as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the WVUB-FM'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 opinions 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 of 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 WVUB-FM'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 opinions.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WVUB-FM as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof and 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 WVUB-FM 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 Vincennes University (University) that are attributable to the transactions of WVUB-FM. They do not purport to, and do not, present fairly the financial position of the University, as of June 30, 2016 and 2015, the changes in its financial position, or, where applicable its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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.

  
Paul D. Joyce, CPA  
State Examiner

December 14, 2016

# WVUB-FM

## A Public Radio Station Operated by Vincennes University Management's Discussion and Analysis

### INTRODUCTION

WVUB-FM (the Station) presents its financial statements for fiscal year ending June 30, 2016. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2016 with comparative information for the fiscal years ended June 30, 2015 and June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

Licensed to the Board of Trustees of Vincennes University, WVUB-FM is a 50,000 watt public radio station serving twelve counties in Southwestern Indiana. WVUB-FM began broadcasting on December 7, 1970, making it one of the first Public Radio stations to go on the air in Indiana. In addition to the primary signal, WVUB also broadcasts two alternate programming channels in HD Radio. WVUB HD-2 is a Smooth Jazz station with NPR News and WVUB HD-3, Blazer Bilingue is the only full-time Spanish language radio station in the state of Indiana south of Indianapolis.

### USING THE FINANCIAL STATEMENTS

The WVUB-FM report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles. WVUB-FM follows GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – An Amendment of GASB Statement No. 34*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the entity as a whole, with resources classified for accounting and reporting purposes into four net position categories.

### STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUB-FM at the end of the fiscal year and includes all assets and liabilities of WVUB-FM. The difference between total assets and total liabilities--net position-- is one indicator of the current financial condition of WVUB-FM, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarization of the WVUB-FM's assets, liabilities, and net position at June 30, 2016, 2015 and 2014 is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 275,399	\$ 270,858	\$ 221,444
Noncurrent Assets			
Capital Assets, net of depreciation	<u>38,200</u>	<u>38,310</u>	<u>54,143</u>
Total Assets	<u>313,599</u>	<u>309,168</u>	<u>275,587</u>
Current Liabilities	160,775	140,342	140,307
Net Position	<u>\$ 152,824</u>	<u>\$ 168,826</u>	<u>\$ 135,280</u>

Current assets consist of cash and cash equivalents. Current liabilities consist of accounts payable and unearned revenue. WVUB-FM has no long-term liabilities.

Cash remained relatively unchanged from fiscal year 2015 to 2016. Cash had increased from fiscal year 2014 to 2015 as a result of a decrease in salary and benefit costs related to retirements. Capital assets remained relatively unchanged from fiscal year 2015 to 2016. The acquisitions of approximately \$33,000, were offset by depreciation, along with the one-time reduction to net assets as a result of moving the University's capitalization threshold from \$500 to \$5,000, effective July 1, 2015. Depreciation represents the majority of the decrease in net capital assets from fiscal year 2014 to 2015, with only \$2,227 in capital acquisitions in fiscal year 2015.

WVUB purchased software for a server conversion in fiscal year 2016, increasing current liabilities from fiscal year 2015. Current liabilities were unchanged from fiscal year 2014 to 2015.

### Net Position

Net position represents the residual interest in WVUB-FM's assets after liabilities are deducted. WVUB-FM's net position at June 30, 2016, 2015 and 2014 are summarized as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Investment in Capital Assets	\$ 38,200	\$ 38,310	\$ 54,143
Unrestricted	114,624	130,516	81,137
Total Net Position	<u>\$ 152,824</u>	<u>\$ 168,826</u>	<u>\$ 135,280</u>



*Net Investment in Capital Assets* represents the station's equity in property, plant and equipment net of accumulated depreciation. This amount remained steady from fiscal year 2015 to 2016; however, there was a decrease from fiscal year 2014 to 2015 due to several assets becoming fully depreciated.

*Unrestricted Net Position* is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets. During 2015, positions were filled as a result of retirements which is reflected in the increased net position from fiscal year 2014 to 2015 and the decreased net position from fiscal year 2015 to 2016.

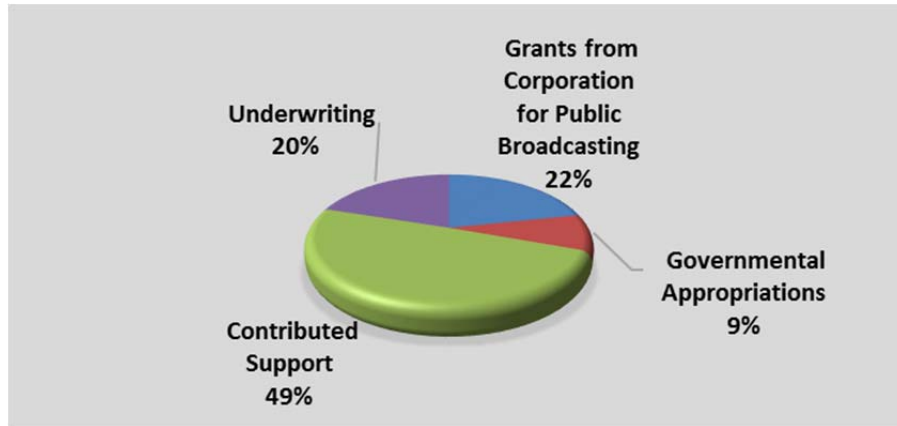
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Statement of Revenue, Expenses and Changes in Net Position present the operating results of WVUB-FM as well as the non-operating revenues and expenses. Governmental appropriations, while used for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summary of the Statement of Revenue, Expenses and Changes in Net Position is presented below:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue	\$581,216	\$556,958	\$643,728
Operating Expenses	<u>626,986</u>	<u>571,388</u>	<u>723,009</u>
Net Operating Loss	(45,770)	(14,430)	(79,281)
Non Operating Revenue	<u>56,583</u>	<u>47,976</u>	<u>44,331</u>
Increase (Decrease) in Net Position	10,813	33,546	(34,950)
Net Position - Beginning of year	168,826	135,280	170,230
Prior Period Adjustment for Change in Accounting Principle	(26,815)	-	-
Net Position - End of year	<u><u>\$152,824</u></u>	<u><u>\$168,826</u></u>	<u><u>\$135,280</u></u>

Operating revenue increased 4% in fiscal year 2016, primarily due to an increase in contributed support. Contributed support had declined 15% in the previous fiscal year, which is reflected in the \$87,000 decrease in overall operating revenue from fiscal year 2014 to 2015.

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM for the year ended June 30, 2016:



A summary of WVUB-FM's operating expenses by object for the year ended June 30, 2016, 2015 and 2014 is as follows:

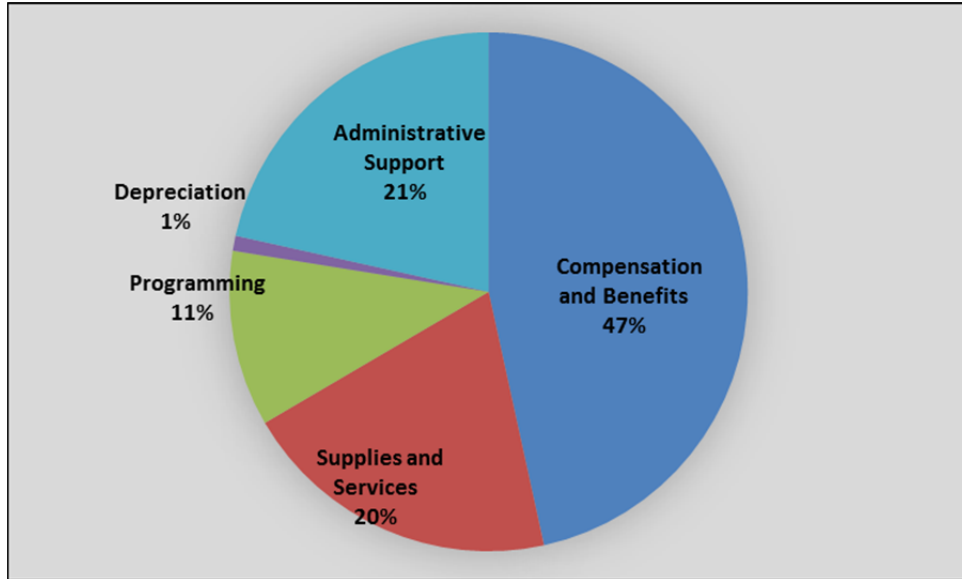
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating:			
Compensation and Benefits	\$ 291,959	\$ 255,729	\$ 354,976
Supplies and Services	125,444	111,969	116,168
Programming Costs	68,724	57,757	53,519
Depreciation	5,901	18,060	31,357
Administrative Support	134,958	127,873	166,989
Total Operating Expenses	<u>\$ 626,986</u>	<u>\$ 571,388</u>	<u>\$ 723,009</u>

Operating expenses increased 10% from fiscal year 2015 to 2016. One factor was the University's movement of its capitalization threshold from \$500 to \$5,000 on July 1, 2015. This change caused an increase in supply costs for equipment purchases under \$5,000 and a decrease in depreciation expense. Compensation and benefits reflected an increase related to the filling of the general manager and program director positions during fiscal year 2015. The station received a total of \$315,547 in contributions from Vincennes University and other outside sources to help support \$316,267 of programming and production operating expenses that the station incurred during fiscal year 2016.

A one-time expense totaling \$26,815 was recognized as a prior period adjustment for change in accounting principle since the University moved the capitalization threshold from \$500 to \$5,000 effective July 1, 2015.

Operating expenses decreased approximately 21% from fiscal year 2014 to 2015. This decrease is primarily related to the decrease in salaries and benefits as a result of retirements. The station received a total of \$296,461 in contributions from Vincennes University and other outside sources to help support \$283,610 of programming and production operating expenses that the station incurred during fiscal year 2015.

The following is a graphic illustration of total expenses by object for the year ended June 30, 2016:



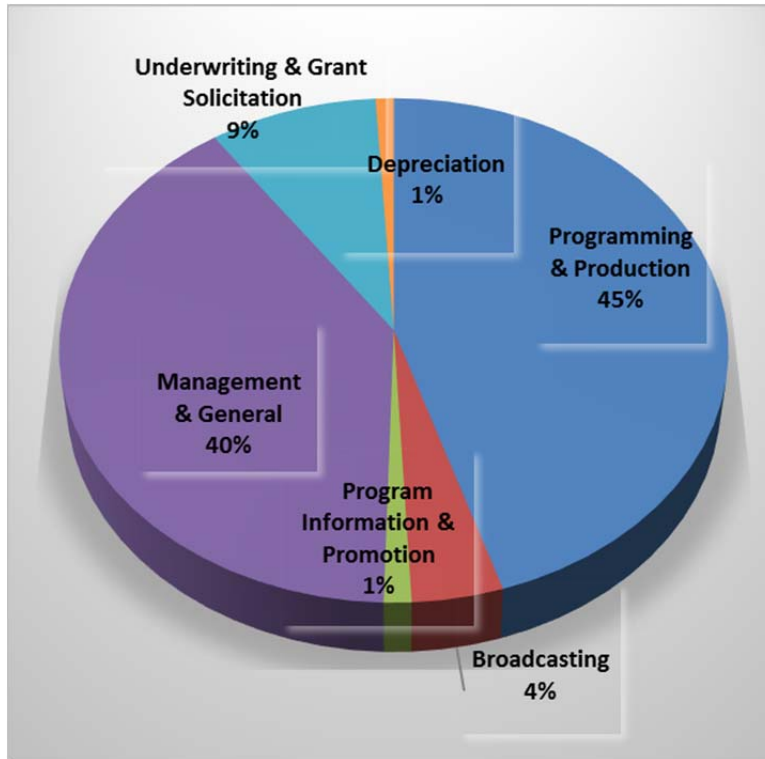
A summary of WVUB-FM’s expenses by functional classification for the year ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses			
Programming & Production	\$ 282,840	\$ 258,735	\$ 305,974
Broadcasting	25,695	17,018	15,490
Program Information & Promotion	7,732	7,857	722
Management & General	249,750	219,316	321,966
Underwriting & Grant Solicitation	55,068	50,402	47,500
Depreciation	5,901	18,060	31,357
Total Operating Expenses	<u>\$ 626,986</u>	<u>\$ 571,388</u>	<u>\$ 723,009</u>

Programming & Production costs increased 9% from fiscal year 2015 to 2016. This increase was related to the filling of the program director position during fiscal year 2016. Management & General expenses increased 14% from fiscal year 2015 to 2016 which was primarily related to a full year of salary costs for the program manager position that was filled during fiscal year 2015.

From fiscal year 2014 to 2015, Programming & Production costs decreased approximately 15% and the Management & General expenses decreased 32%. Both of these decreases were primarily related to the timing of retirements and the filling of those vacated positions.

The following graphic illustration presents total expenses by function for the year ended June 30, 2016:



### STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUB-FM's financial results by reporting the major sources and uses of cash. A summary of the Statement of Cash Flows for the year ended June 30, 2016, 2015 and 2014 is as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash received from operations	\$ 407,855	\$ 404,417	\$ 464,390
Cash expended for operations	<u>(437,072)</u>	<u>(402,547)</u>	<u>(513,120)</u>
Net cash provided (used) in operating activities	(29,217)	1,870	(48,730)
Net cash provided by non capital financing activities	56,583	47,976	46,190
Net cash used in capital and related financing activities	<u>(20,980)</u>	<u>(2,227)</u>	<u>(15,422)</u>
Net increase/(decrease) in cash and cash equivalents	6,386	47,619	(17,962)
Cash and cash equivalents, beginning of year	269,013	221,394	239,356
Cash and cash equivalents, end of year	<u><u>\$ 275,399</u></u>	<u><u>\$ 269,013</u></u>	<u><u>\$ 221,394</u></u>

The cash and cash equivalents increased slightly from fiscal year 2015 to 2016. The increase in accounts payable contributed to the increase in cash reported for 2016.

The cash and cash equivalents increased approximately 22% from fiscal year 2014 to 2015 which is reflective of the retirements mentioned beforehand.

### **ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

Management believes that WVUB-FM's position is stable and will allow the station to continue to serve the general public by offering quality programming coupled with local events and activities focusing on community issues and concerns.

Factors influencing WVUB-FM's economic position:

- State of Indiana funding levels remain strong in support of education and public service
- Continued focus on the growth of Underwriting revenue for local programming
- Expected increases in programming costs
- Increased efforts to combine community outreach events with funding opportunities on a local, state and regional level

The Indiana Legislature restored funding levels for public broadcasting to a benchmark high set seven years ago. WVUB-FM's share of the restored state appropriation helped to off-set station expenses, while allowing the station to invest in an expansion of statewide and local programming. This includes participation in the RJC/News Across All Platforms project that launched during this past fiscal year with the Indiana Public Broadcasting Stations (IPBS). The IPBS Board of Directors, of which WVUB management is a part, is hopeful that this pattern of support will continue to grow in the state legislature.

Management continues to work diligently on partnerships with both public and commercial stations and other entities to help improve operations, local programming and funding opportunities. To better position the station to realize these opportunities WVUB-FM is a participating member of Greater Public. Greater Public provides member stations access to a multitude of resources designed specifically for public media stations, in an effort to make fundraising more efficient and effective.

WVUB continues to provide high quality broadcasting services for the area and has managed to keep staffing levels constant. WVUB-FM has the smallest staffing of all Indiana Public Radio Stations but is consistently exploring ways of expanding programming and outreach efforts in the local service area.

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## BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management WVUB-FM. The financial statements and notes are presented as intended by WVUB-FM.

WVUB-FM  
 A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2016 and 2015

	6/30/2016	6/30/2015
<b>Operating Revenue</b>		
Grants from Corporation for Public Broadcasting	\$ 138,183	\$ 140,121
Contributed Support	315,547	296,461
Underwriting	127,486	120,376
Total Operating Revenue	\$ 581,216	\$ 556,958
<b>Operating Expenses</b>		
Programming & Production	\$ 282,840	\$ 258,735
Broadcasting	25,695	17,018
Program Information & Promotion	7,732	7,857
Management & General	249,750	219,316
Underwriting & Grant Solicitation	55,068	50,402
Depreciation	5,901	18,060
Total Operating Expenses	\$ 626,986	\$ 571,388
<b>OPERATING LOSS</b>	<b>(45,770)</b>	<b>(14,430)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Governmental Appropriations	56,583	45,476
Other Income	-	2,500
Total Non-operating Revenues	56,583	47,976
<b>INCREASE IN NET POSITION</b>	<b>\$ 10,813</b>	<b>\$ 33,546</b>
<b>Net Position - beginning of year</b>	168,826	135,280
<b>Cumulative Effect of Change in Accounting Principle - Note 12</b>	(26,815)	-
<b>Net Position - end of year</b>	<b>\$ 152,824</b>	<b>\$ 168,826</b>

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



WVUB-FM  
 A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
 FOR THE YEAR ENDED JUNE 30, 2016 and 2015

	6/30/2016	6/30/2015
<b>Operating Revenue</b>		
Grants from Corporation for Public Broadcasting	\$ 138,183	\$ 140,121
Contributed Support	315,547	296,461
Underwriting	127,486	120,376
Total Operating Revenue	\$ 581,216	\$ 556,958
<b>Operating Expenses</b>		
Programming & Production	\$ 282,840	\$ 258,735
Broadcasting	25,695	17,018
Program Information & Promotion	7,732	7,857
Management & General	249,750	219,316
Underwriting & Grant Solicitation	55,068	50,402
Depreciation	5,901	18,060
Total Operating Expenses	\$ 626,986	\$ 571,388
<b>OPERATING LOSS</b>	<b>(45,770)</b>	<b>(14,430)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Governmental Appropriations	56,583	45,476
Other Income	-	2,500
Total Non-operating Revenues	56,583	47,976
<b>INCREASE IN NET POSITION</b>	<b>\$ 10,813</b>	<b>\$ 33,546</b>
<b>Net Position - beginning of year</b>	168,826	135,280
<b>Cumulative Effect of Change in Accounting Principle - Note 12</b>	(26,815)	-
<b>Net Position - end of year</b>	<b>\$ 152,824</b>	<b>\$ 168,826</b>

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

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2016 and 2015

	<b>6/30/2016</b>	<b>6/30/2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants from Corporation for Public Broadcasting	\$ 135,459	\$ 138,183
Underwriting and Other Contributions	127,486	120,376
Support from Vincennes University	144,910	145,858
Payments to Suppliers	(145,113)	(146,818)
Payments to Employees	(229,977)	(196,318)
Payments for Benefits	(61,982)	(59,411)
<b>Net Cash Used in (Provided By) Operating Activities</b>	<b>\$ (29,217)</b>	<b>\$ 1,870</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Governmental Appropriations	56,583	45,476
Other Income	-	2,500
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$ 56,583</b>	<b>\$ 47,976</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(20,980)	(2,227)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>\$ (20,980)</b>	<b>\$ (2,227)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 6,386</b>	<b>\$ 47,619</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>269,013</b>	<b>221,394</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 275,399</b>	<b>\$ 269,013</b>
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>		
Operating Loss	\$ (45,770)	\$ (14,430)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expenses	5,901	18,060
Contributions of Property, Plant & Equipment	(11,626)	-
Changes in Assets and Liabilities:		
Prepaid Expense	1,845	(1,795)
Accounts Payable and Accrued Liabilities	23,157	1,973
Unearned Revenue	(2,724)	(1,938)
<b>Net Cash Used in (Provided By) Operating Activities</b>	<b>\$ (29,217)</b>	<b>\$ 1,870</b>

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

## NOTES TO FINANCIAL STATEMENTS

WVUB-FM

A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

For the years ended 6/30/2016 and 6/30/2015

### Note 1 - Summary of Significant Accounting Policies

Reporting Entity: WVUB-FM (the Station) is a public radio station operated by Vincennes University (the University). The University is an institution of higher education and is considered to be a component unit of the State of Indiana.

Financial Statement Presentation: The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. During fiscal year 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Basis of Accounting: For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements, imposed by the provider, have been met.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents: For purposes of the Statement of Cash Flows, the Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable consist of underwriting revenue. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management has concluded that realized losses on balances outstanding at year-end will be immaterial and, accordingly, no allowance for uncollectible accounts is necessary.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Inventories of materials and supplies at year-end are not considered material; therefore, are not reflected in the financial statements.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

NOTES TO FINANCIAL STATEMENTS-Continued

WVUB-FM

A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

For the years ended 6/30/2016 and 6/30/2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Unearned Revenues: Unearned revenues include amounts received from grant and contract sponsors that have not yet been earned.

In-Kind Contributions: Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. If the fair value of contributed materials, supplies, facilities and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

Indirect Administrative Support: Administrative support from Vincennes University consists of indirect costs incurred by the University on behalf of the Station, determined by establishing cost pools, which are grouped into functional categories such as institutional support and physical plant support, which are then allocated, based on the Station's direct costs in accordance with guidelines established by the Corporation for Public Broadcasting (CPB).

Vincennes University also provides office, studio and tower facilities, the benefit for which is included as a building use allowance.

Net Position: The Station's net position is classified as follows:

Net investment in capital assets: This represents the Station's total investment in capital assets. There is no outstanding debt related to these capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Unrestricted net position: Unrestricted net position represents resources derived from grants, underwriting, and fees. These resources are used for transactions relating to the educational and general operations of the Station. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflow of resources that are not included in the determination of net investment in capital assets.

Income Taxes: The University, as a political subdivision of the State of Indiana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues: The Station has classified its revenues as operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as grants and contracts. Operating revenues include (1) operating grants from CPB, federal and state agencies, and other entities, (2) contributions from various sources for operating activities and (3) underwriting.

## NOTES TO FINANCIAL STATEMENTS--Continued

WVUB-FM

A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes support from Vincennes University, donated materials or facilities, and indirect administrative support.

Grants to finance non-capital projects are recorded as unearned revenue until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues, and the expenditures are recorded.

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.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as governmental appropriations.

Advertising Costs: Advertising costs are expensed in the period in which they are incurred.

#### **Note 2 - Cash**

Cash as of June 30, 2016 and June 30, 2015 is stated at market value. Cash deposits are insured by agencies of the federal government up to \$250,000. Amounts over \$250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount reported for checking accounts at various banks at June 30, 2016 and June 30, 2015 is \$275,399 and \$269,013, respectively.

**NOTE 3: Capital Assets**

	Beginning Balances 07/01/15	Increases	Decreases	Transfers	Ending Balances 06/30/16
Capital Assets being depreciated:					
Equipment	560,478	20,980	222,332	11,909	371,035
Total Capital Assets being depreciated	560,478	20,980	222,332	11,909	371,035
Less accumulated depreciation for:					
Equipment	522,168	5,901	195,517	283	332,835
Total accumulated depreciation	522,168	5,901	195,517	283	332,835
Total Capital Assets being depreciated, net	\$ 38,310	\$ 15,079	\$ 26,815	\$ 11,626	\$ 38,200

The capitalization threshold for equipment purchases was raised from \$500 to \$5,000 effective July 1, 2015. The net effect of this change totaled \$26,815 as reflected above.

**NOTE 4: Functional Statement**

Operating expenses by functional classification is summarized as follows:

	PROGRAM SERVICES				SUPPORT SERVICES				
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Underwriting & Grant Solicitation	Depreciation	Total Support Services	Total 6/30/2016
Salaries, Wages & Benefits	\$ 208,793	-	-	\$ 208,793	\$ 83,166	-	-	\$ 83,166	\$ 291,959
Professional Services	-	-	-	-	13,523	55,068	-	68,591	68,591
Supplies	-	5,804	-	5,804	1,240	-	-	1,240	7,044
Occupancy	-	-	-	-	6,767	-	-	6,767	6,767
Postage	-	-	-	-	924	-	-	924	924
Advertising	-	-	7,732	7,732	-	-	-	-	7,732
Conferences & Meetings	-	-	-	-	5,738	-	-	5,738	5,738
Repairs & Maintenance	-	5,807	-	5,807	-	-	-	-	5,807
Programming Costs	54,640	14,084	-	68,724	-	-	-	-	68,724
Membership & Dues	19,407	-	-	19,407	3,434	-	-	3,434	22,841
Administrative Support	-	-	-	-	134,958	-	-	134,958	134,958
Depreciation	-	-	-	-	-	-	5,901	5,901	5,901
Total	\$ 282,840	\$ 25,695	\$ 7,732	\$ 316,267	\$ 249,750	\$ 55,068	\$ 5,901	\$ 310,719	\$ 626,986

**Note 5: Indirect Administrative Support**

Indirect administrative support from other state agencies consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support and also as an expense in the management and general functional expense category. The value of this support for the years ended June 30, 2016 and June 30, 2015 was \$134,958 and \$127,873, respectively.

**Note 6: Contributed In-Kind Support**

Contributed in-kind support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes donated materials. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As expenses of an equivalent amount are also recognized, there is no impact on net position. The total support for June 30, 2016 and June 30, 2015 was \$17,500 for both fiscal years.

**Note 7: Support from Vincennes University**

Vincennes University contributes support to the Station by partially funding the operations, studio, and production facility. The total costs for this support totaled \$163,089 and \$151,088 for the years ended June 30, 2016 and June 30, 2015, respectively.

**Note 8: Risk Management**

WVUB-FM is licensed to the Board of Trustees of Vincennes University; therefore, the station is exposed to the same risk as the University. These risks include: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is \$100,000 per incident. General liability, commercial crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of \$325,000 per member.

There is a liability for incurred but unpaid claims. This liability is estimated to be \$674,625 for the fiscal year 2015-16 and \$955,375 for the fiscal year 2014-15.

Changes in the total reported self-insured health, dental & drug benefit liability during the years ending June 30, 2016 and 2015 were as follows:

	2016	2015
Balance, beginning of year	\$ 955,375	\$ 828,305
Claims incurred	8,280,088	10,444,822
Claim payments	<u>(8,560,838)</u>	<u>(10,317,752)</u>
Balance, end of year	<u>\$ 674,625</u>	<u>\$ 955,375</u>

Note 9: TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUB-FM participate in a tax deferred 403(b) Retirement Annuity Plan (RA) through Teachers Insurance and Annuity Association of America (TIAA). This plan is a defined contribution plan under IRC 403(b). Income during retirement is based on the participant's total account balance. Participants are immediately 100% vested in the funds contributed. An agreement between the University and TIAA is approved by the University Board of Trustees.

Funding Policy

For all full-time faculty and professional staff, the University contributes 10% of earned wages. Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, participate in a supplemental defined contribution retirement income plan with TIAA. The University contributes 5% of covered wages for this plan.

Additional Details of the plan can be found in the Vincennes University's Annual Financial Report.

Note 10: Withdraw from PERF Pension Plan Obligation

During the 2014-2015 fiscal year, Vincennes University contributed to the Public Employees Retirement Fund (PERF), a defined benefit pension plan, for full-time support staff hired prior to July 1, 2013 and full-time professional staff hired prior to July 1, 2003. On July 1, 2013, the University no longer added new employees to PERF. The Indiana Public Retirement System (INPRS) defined this action as a "soft freeze." The University ceased participation in PERF as of June 30, 2015. All benefit eligible employees hired on or after July 1, 2013 participate in the University's defined contribution plan with Teachers Insurance and Annuity Association - College Retirement Equity Fund (TIAA/CREF). This change affected all employees participating in PERF.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

Note 11: Other Postemployment Benefits

Plan Description

Through Vincennes University, eligible WVUB-FM employees participate in the University's Healthcare Plan which is a single-employer defined benefit healthcare plan administered by Anthem. This plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

Note 12: Change in Accounting Principle

The capitalization threshold for equipment purchases was raised from \$500 to \$5,000 effective July 1, 2015. A line item titled "Cumulative Effect of Change in Accounting Principle" has been included on the Statement of Revenues, Expenses, and Changes in Net Position to reflect the \$26,815 change.

## **Note 13 – TRF Pension Plans**

### ***General Information about the Teachers' Retirement Pension Plans***

Through Vincennes University (the University), eligible WVUB-FM employees participate in the Indiana Public Retirement System (INPRS). TRF is two (2) cost-sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

### ***Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996)***

**Benefits** TRF Pre-1996 is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit Structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

**Membership** Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 Account.

**Contributions** State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5.

This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. TRF Pre-1996 Account Members contributed three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

### ***Teachers' Retirement Fund 1996 Account (TRF 1996)***

**Benefits** TRF 1996 is a cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995 were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings accounts that supplements the defined benefit at retirement.

The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

**Membership** Membership in TRF 1996 is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or the alternate University Plan not administered by INPRS.

**Contributions** The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provided for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers.

TRF 1996 Account members contributed 3 percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.



#### OTHER REPORTS

In addition to this report, other reports may have been issued for the WVUB-FM. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.