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February 24, 2020

WFIU-FM
400 E 7th St.
Bloomington, IN 47405

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of WFIU-FM, a public radio station operated by Indiana University. We have reviewed the audit report opined upon by RSM US LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of IU WFIU Radio Station as of June 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, RSM US LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

WFIU-FM Radio

A Public Telecommunications Entity Operated as a Department of Indiana
University

**Financial Report
with Supplemental Information
June 30, 2019**

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John Sejdinaj, Assistant Treasurer

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Terry Allison, Chancellor, Indiana University South Bend, (until July 2, 2018)

Kathryn Cruz-Uribe, Chancellor, Indiana University East (Richmond)

Jann Joseph, Interim Chancellor, Indiana University South Bend (July 2, 2018 – June 30, 2019)

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Ray Wallace, Chancellor, Indiana University Southeast (New Albany)

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Daniel C. Smith, President and CEO, IU Foundation

Independent Auditor's Report

RSM US LLP

To the Officials
WFIU-FM (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 WFIU-FM, a public telecommunications entity operated as a department of Indiana University (WFIU-FM), as of and for the year ended June 30, 2019 and June 30, 2018, and the related notes to the financial statements, which collectively comprise WFIU-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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WFIU-FM as of June 30, 2019 and June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of WFIU-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 Indiana University (University) that are attributable to the transactions of WFIU-FM. They do not purport to, and do not present fairly the financial position of the University, as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Schedule of the Station's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, the Schedule of Changes in the Total OPEB Liability and Related Ratios and the Notes to the Required Supplemental Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM VS LLP

Indianapolis, Indiana
January 31, 2020

Management's Discussion and Analysis

June 30, 2019

WFIU-FM (the Station) presents its audited financial statements for the year ended June 30, 2019, along with comparative data for the years ended June 30, 2018 and 2017. Three statements are described in the following discussion and analysis: The Statement of Net Position, which presents the assets, liabilities, and net position of the Station as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the Station by major category during the fiscal year.

Statement of Net Position

Total assets at June 30, 2019, were \$638,621, a decrease of \$179,025 primarily due to a decline in cash offset by prepaid expenses. Net investment in capital assets comprised \$210,720 of the total net assets at June 30, 2019. Total assets at June 30, 2018, were \$817,646, an increase of \$321,010 due to an increase in cash and cash equivalents and the purchase of capital assets. Net investment in capital assets comprised \$224,842 of the total net assets at June 30, 2018.

Deferred outflows of resources at June 30, 2019 were \$100,945, a decrease of \$17,568 from June 30, 2018. Deferred outflows of resources at June 30, 2018 were \$118,513, an increase of \$18,211 from June 30, 2017. Changes in deferred outflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total liabilities were \$606,194 at June 30, 2019, a decrease of \$20,869. Noncurrent liabilities were 70.2% or \$425,360 of the total liabilities at June 30, 2019. Noncurrent liabilities were 63.9% or \$400,887 of the liabilities at June 30, 2018. Total liabilities were \$627,063 at June 30, 2018, an increase of \$193,784. The Station had no outstanding debt obligations in 2019, 2018, or 2017.

Deferred inflows of resources at June 30, 2019 were \$36,977, an increase of \$3,294 from June 30, 2018. Deferred inflows of resources at June 30, 2018 were \$33,683, a decrease of \$25,940 from June 30, 2017. Changes in deferred inflows of resources are the result of fluctuations in pension and other postemployment benefit obligations.

Total net position at June 30, 2019, was \$96,395, a decrease of \$179,018 from fiscal year 2018, or a 64.9% decrease in net position. Total net position at June 30, 2018, was \$275,413, an increase of \$171,377 from fiscal year 2017 or a 164.7% increase in net position.

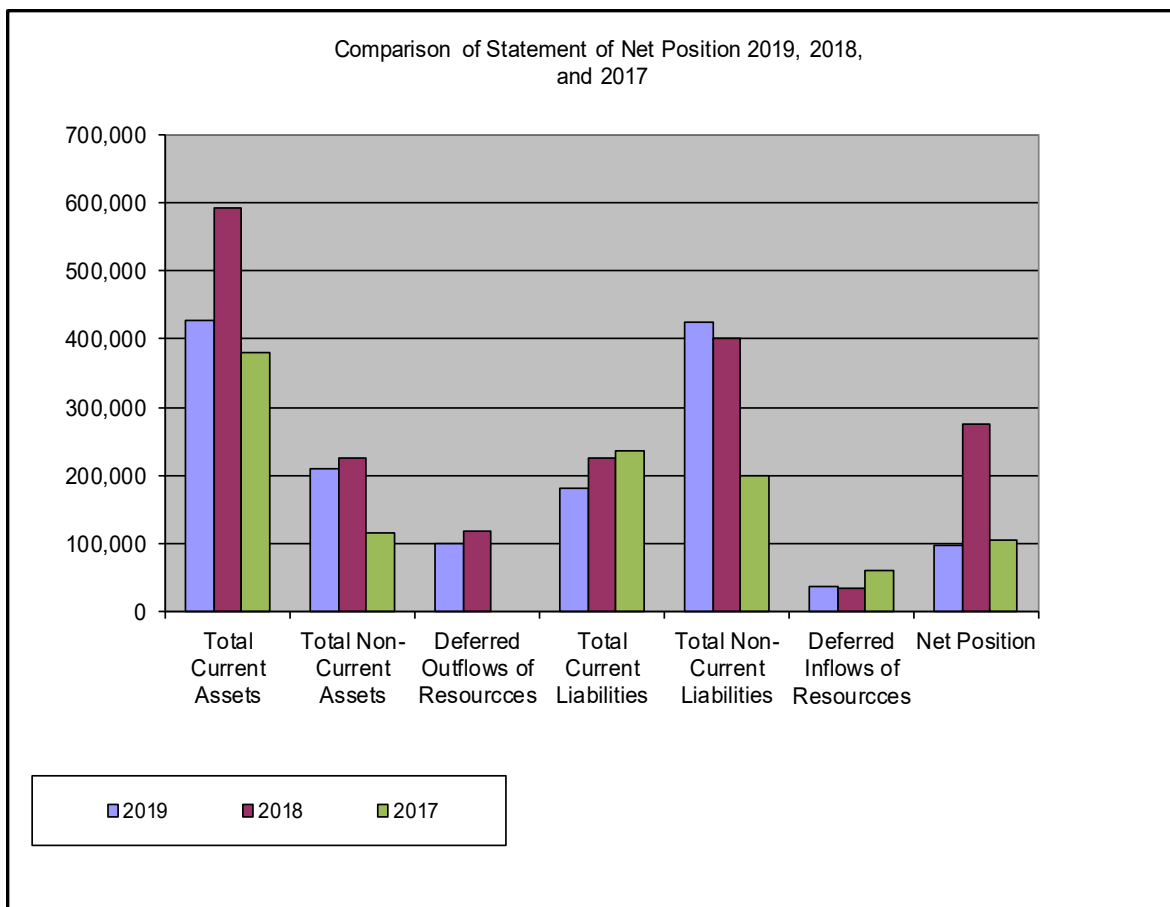
A comparison of WFIU's assets, liabilities, and net position at June 30, 2019, 2018 and 2017 is summarized as follows:

CONDENSED STATEMENT OF NET POSITION				
	<i>Fiscal Year Ended</i>			
	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>	
Current Assets	\$ 427,901	\$ 592,804	\$ 380,265	
Noncurrent Assets/Capital Assets	210,720	224,842	116,371	
Total Assets	638,621	817,646	496,636	
Deferred Outflows of Resources	100,945	118,513	100,302	
Current Liabilities	180,834	226,176	235,040	
Noncurrent Liabilities	425,360	400,887	198,239	
Total Liabilities	606,194	627,063	433,279	
Deferred Inflows of Resources	36,977	33,683	59,623	
Net Investments in Capital Assets	210,720	224,842	116,371	
Restricted for Expendable Station Activities	55,656	55,122	100,566	
Unrestricted	(169,981)	(4,551)	(112,901)	
Total Net Position	\$ 96,395	\$ 275,413	\$ 104,036	

Management's Discussion and Analysis

June 30, 2019

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



Statement of Revenues, Expenses, and Changes in Net Position

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

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
	Fiscal Year Ended			
	June 30, 2019	June 30, 2018	June 30, 2017	
Operating Revenues	\$ 44,308	\$ 180,995	\$ 132,883	
Operating Expenses	(3,216,647)	(3,018,008)	(3,271,893)	
Total Operating Loss	(3,172,339)	(2,837,013)	(3,139,010)	
Net Nonoperating Revenues	2,993,321	3,222,987	3,082,340	
Increase in Net Position	(179,018)	385,974	(56,670)	
Net Position - Beginning of Year	275,413	104,036	277,283	
Prior Period Adjustments	-	(214,597)	(116,577)	
Net Position - Beginning of Year, as Restated	-	(110,561)	160,706	
Net Position - End of Year	\$ 96,395	\$ 275,413	\$ 104,036	

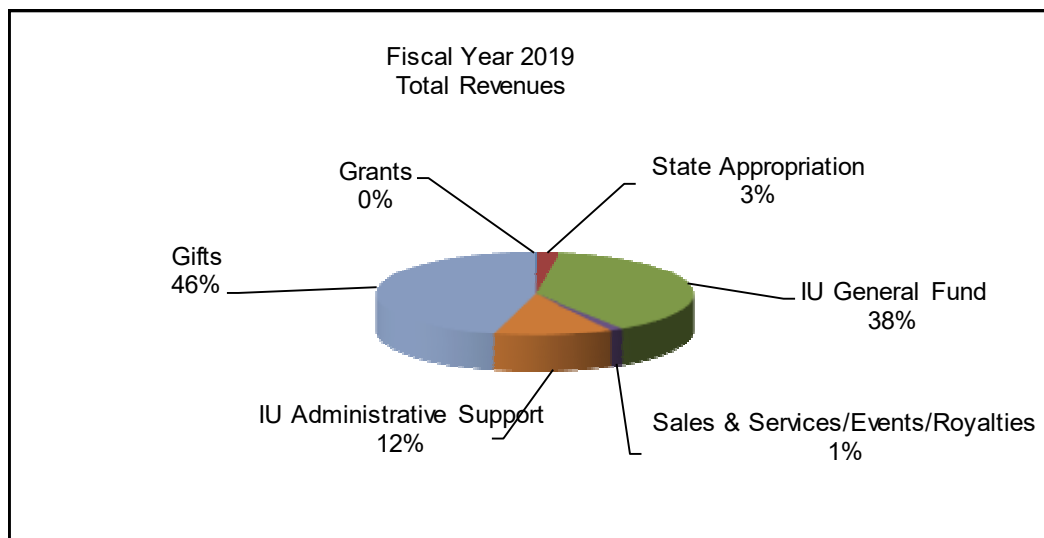
June 30, 2019**Revenues**

Operating revenues at WFIU-FM for the June 30, 2019, fiscal year decreased by \$136,687 or 75.5%, largely due to the conclusion of a grant for regional journalism in fiscal year 2018. Net non-operating revenues decreased by \$229,666 or 7.1% in fiscal year 2019, primarily due to a reduction of reliance on foundation support for capital projects compared to fiscal year 2018.

Operating revenues at WFIU-FM for the June 30, 2018, fiscal year increased by \$48,112 or 36.2%, due to the PBE Miscellaneous Grants for Public Media and Royalties for Earth Eats. The CPB grant for regional journalism concluded in the third year. Net non-operating revenues increased by \$140,647 or 4.6% in fiscal year 2018, primarily due to the increase of Donated Facilities and other Administrative Support from the University and the increase of Individual Contributions.

In summary, total Operating Revenues and Net Non-Operating Revenues of the Station in fiscal year 2019 decreased by \$366,353, a decrease of 10.8%. Total Operating Revenues and Net Non-Operating Revenues of the Station in fiscal year 2018 increased by \$188,759, an increase of 5.9%.

The compositions of revenues are displayed in the following graph:

**Expenses**

Operating expenses were \$3,216,647 for the 2019 fiscal year. This was an increase over the previous fiscal year of \$198,639 or 6.6%. Changes in the major categories of expenses were:

For all functional areas:

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

For specific functional areas:

- Programming and production costs increased \$123,091 or 7.6%, due to a combination of fluctuations in grant activity and Regional Journalism activities.
- Broadcasting costs increased \$82,908 or 34.7%, due to remodeling of the radio master control.
- Public information and promotion expenses decreased \$8,550 or 2.4%.

Management's Discussion and Analysis

June 30, 2019

- Management and general expenses increased \$34,817 or 8.4%, in part a result of staffing reallocations between the radio and television functions.
- Fund-raising, membership development, and underwriting solicitation costs decreased \$33,627 or 8.7%, as a result of staffing priorities.

Operating expenses were \$3,018,008 for the 2018 fiscal year. This was a decrease over the previous fiscal year of \$253,885 or 7.8%. Changes in the major categories of expenses were:

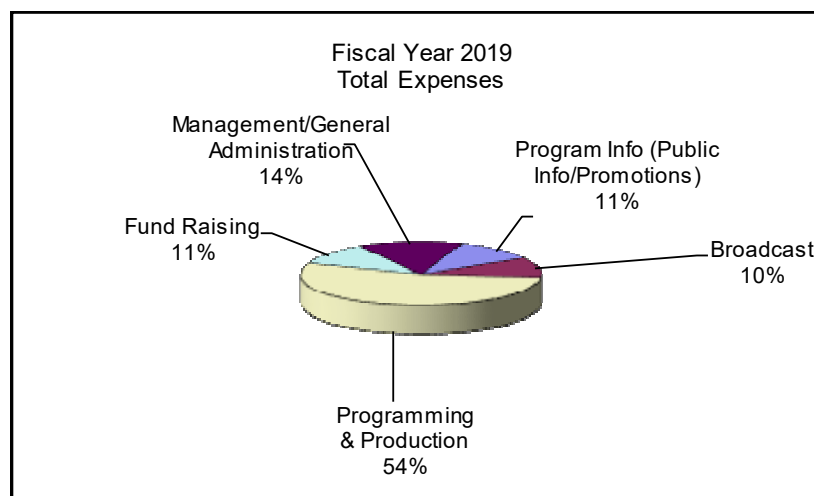
For all functional areas:

- 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 decreased \$149,716 or 8.5%, due to the end of the early retirement plan expense and the reorganization and reduction of staff dedicated to Radio programming.
- Broadcasting costs decreased \$100,519 or 29.6%, as the station completed the addition of another broadcast license and it became operational.
- Public information and promotion expenses increased \$110,229 or 43.7%, including promotion of the new station, an increase in overall promotions, and the re-direction of resources to the newly established Digital unit that focuses on our website information and presentation.
- Management and general expenses decreased \$105,531 or 20.3%, as remodeling projects concluded and personnel devoted more time to television and less to radio.
- Fund-raising, membership development, and underwriting solicitation costs decreased \$8,348 or 2.1%, due to temporary position vacancies.

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



Management's Discussion and Analysis

June 30, 2019

Net Position

The net decrease in net Position decreased by \$179,018 in 2019, compared to a net \$385,974 increase in 2018 from 2017. The operating loss was \$3,172,339 in 2019 and \$2,837,013 in 2018. However, net non-operating revenues decreased by \$229,666 from 2018 to 2019. The ending net position was \$96,395 and compared to ending net position in 2018 of \$275,413. This was a 65.0% decrease in net position.

Net position increased by \$385,974 in 2018, compared to a net \$56,670 decrease in 2017 from 2016. The operating loss was \$2,837,013 in 2018 and \$3,139,010 in 2017. However, net non-operating revenues increased by \$140,647 from 2017 to 2018. The ending net position was \$275,413, including the effects of restatements and compared to ending net position in 2017 of \$104,036. This was a 164.7% 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 WFIU's changes in cash and cash equivalents is presented below:

COMPARATIVE STATEMENT OF CASH FLOWS			
	<i>Fiscal Year Ended</i>		
	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>
Net Cash Used by:			
Operating Activities	\$ (2,835,797)	\$ (2,649,497)	\$ (2,831,646)
Noncapital Financing Activities	2,619,043	3,046,908	2,897,315
Capital and Related Financing Activities	(11,674)	(133,121)	(33,895)
Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(228,428)	264,290	31,774
Beginning Cash and Cash Equivalents	592,804	328,514	296,740
Ending Cash and Cash Equivalents	\$ 364,376	\$ 592,804	\$ 328,514

From fiscal year 2018 to 2019, cash used by operating activities increased by \$186,300. This was primarily due to the reduction in operating grant revenue and an increase in amounts paid to employees. From fiscal year 2017 to 2018, cash used by operating activities decreased by \$182,149. This was the result of fewer payments to vendors and employees once the startup of the new station was complete.

From fiscal year 2018 to 2019, cash flows provided from noncapital financing activities decreased \$427,865, due in part to a reduction in money brought in from the Indiana University Foundation. From fiscal year 2017 to 2018, cash flows provided from noncapital financing activities increased \$149,593, reflecting increases in University support and contributions.

From fiscal year 2018 to 2019, cash used by capital and related financing activities was \$11,674 for the purchase of capital equipment, a decrease from the previous year's purchases of \$133,121 in fiscal year 2018, and \$33,895 in fiscal year 2017.

In summary, there was a net decrease in cash and cash equivalents in 2019 of \$228,428 and a net increase in 2018 of \$264,290.

Management's Discussion and Analysis

June 30, 2019

Capital Assets

At June 30, 2019, 2018, and 2017, the Station had \$210,720, \$224,842, and \$116,371, respectively invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ended June 30, 2019, 2018, and 2017, totaled \$25,797, \$24,650, and \$24,601, respectively. The station has made only modest purchases of new capital assets over the last three years as existing capital continues to depreciate. Details of these assets are shown below:

CAPITAL ASSETS			
	<i>Fiscal Year Ended</i>		
	<i>June 30, 2019</i>	<i>June 30, 2018</i>	<i>June 30, 2017</i>
Transmission, Antenna, and Tower	\$ 54,077	\$ 60,901	\$ 76,858
Studio and Other Broadcast Equipment	18,504	25,069	39,513
Furniture and Fixtures	138,139	138,872	-
Capital Assets, Net	\$ 210,720	\$ 224,842	\$ 116,371

Economic Outlook

WFIU has completed the folding in of Radio and TV master controls, paving the way for more consistent and efficient signal monitoring. The station elected not to pursue purchase of another radio signal in the area because the high cost was not justified by the size of the increased coverage area. Therefore, no unusual capital costs are expected in the coming 12 months. Listener and business patronage continue to be strong, as does institutional support. A modest increase in station allocation is possible in the coming biennium. This year will mark the first significant input of syndication revenue, an area we expect to continue to grow. Barring an economic downturn, the station is well-positioned for another successful year financially and programmatically.

Listener options continue to proliferate. Therefore, though WFIU leads the market in audience today, continued investment will be needed to ensure that our popular content is available on all the new platforms. The local/regional news operation has developed into a pillar of the station's community service and is attracting listeners and support. It will continue to be a growth area for both stations.

Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 364,376	\$ 592,804
Prepaid expenses and other assets	63,525	-
Total current assets	427,901	592,804
Noncurrent assets - Capital assets - Net (Note 4)	210,720	224,842
Total assets	638,621	817,646
Deferred Outflows of Resources		
Deferred pension costs (Note 7)	30,409	67,660
Deferred OPEB costs (Note 7)	70,536	50,853
Total deferred outflows of resources	100,945	118,513
Liabilities		
Current liabilities:		
Accounts payable	35,975	69,549
Other current liabilities	48,525	24,627
Compensated absences (Note 6)	96,334	132,000
Total current liabilities	180,834	226,176
Noncurrent liabilities:		
Compensated absences (Note 6)	60,019	10,204
Net pension liability (Note 7)	113,271	143,623
Net OPEB liability (Note 7)	252,070	247,060
Total noncurrent liabilities	425,360	400,887
Total liabilities	606,194	627,063
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 7)	24,294	29,330
Deferred OPEB cost reductions (Note 7)	12,683	4,353
Total deferred inflows of resources	36,977	33,683
Net Position		
Net investment in capital assets	210,720	224,842
Restricted - Expendable for station activities	55,656	55,122
Unrestricted	(169,981)	(4,551)
Total net position	\$ 96,395	\$ 275,413

WFIU-FM Radio

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenue		
Facility sales and services	\$ 13,011	\$ 22,954
Miscellaneous grants	4,000	143,993
Event income	-	5,403
Royalty income	27,297	8,645
Total operating revenue	44,308	180,995
Operating Expenses		
Program Services - Programming and production	1,736,989	1,613,898
Program Services - Broadcasting	321,665	238,757
Program Services - Public information and promotion	353,831	362,381
Support Services - Management and general	450,331	415,514
Support Services - Fundraising, membership development, and underwriting solicitation	353,831	387,458
Total operating expenses	3,216,647	3,018,008
Operating Loss	(3,172,339)	(2,837,013)
Nonoperating Revenue		
General fund support from Indiana University	1,161,819	1,389,686
Donated facilities and administrative support from Indiana University	370,636	179,603
Appropriations from State of Indiana	70,729	42,438
CPB contributions	185,886	215,098
Individual contributions	301,525	91,395
Corporate/Foundation contributions	881,637	1,283,663
In-kind support - other	21,089	21,104
Total nonoperating revenue	2,993,321	3,222,987
Change in Net Position	(179,018)	385,974
Net Position - Beginning of year	275,413	(110,561)
Net Position - End of year	<u>\$ 96,395</u>	<u>\$ 275,413</u>

Statement of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Grants	\$ 4,000	\$ 195,500
Sales and service	13,011	22,954
Payments to employees	(1,898,715)	(1,841,492)
Payments to vendors	(981,390)	(1,040,751)
Other receipts	27,297	14,292
Net cash and cash equivalents used in operating activities	(2,835,797)	(2,649,497)
Cash Flows from Noncapital Financing Activities		
General fund support from Indiana University - Bloomington campus	1,161,819	1,389,686
Appropriation from State of Indiana	70,729	42,438
Contributions	1,386,495	1,614,784
Net cash and cash equivalents provided by noncapital financing activities	2,619,043	3,046,908
Cash Flows Used in Financing Activities - Purchase of capital assets	(11,674)	(133,121)
Net (Decrease) Increase in Cash and Cash Equivalents	(228,428)	264,290
Cash and Cash Equivalents - Beginning of year	592,804	328,514
Cash and Cash Equivalents - End of year	<u><u>\$ 364,376</u></u>	<u><u>\$ 592,804</u></u>
Classification of Cash and Cash Equivalents	<u><u>\$ 364,376</u></u>	<u><u>\$ 592,804</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income (loss)	\$ (3,172,339)	\$ (2,837,013)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization	25,797	24,650
Donated facilities and administrative support from Indiana University	370,636	179,603
In-kind - other	6,451	21,104
Corporate/Foundation In-kind	21,089	-
Changes in assets and liabilities:		
Grant receivable	-	51,751
Prepaid and other assets	(63,525)	-
Accounts payable	(33,575)	(63,491)
Compensated absences	14,149	(8,761)
Net pension and related deferrals	1,863	(3,303)
Other postemployment liability and related deferrals	(6,343)	(14,037)
Total adjustments	336,542	187,516
Net cash and cash equivalents used in operating activities	<u><u>\$ (2,835,797)</u></u>	<u><u>\$ (2,649,497)</u></u>

June 30, 2019 and 2018**Note 1 - Nature of Business**

WFIU-FM Radio (the "Station") is a public radio station operated by the Radio and Television Services Department of Indiana University (the University) on behalf of the Trustees of the University.

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

Note 2 - Significant Accounting Policies***Related Organization***

The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the University by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the University. The IU Foundation receives both general contributions and membership contributions on behalf of the Station, and provided support totaling \$881,637 and \$1,154,851 to the Station during fiscal years 2019 and 2018, respectively.

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Capital Assets

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

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

June 30, 2019 and 2018**Note 2 - Significant Accounting Policies (Continued)*****Deferred Outflows of Resources***

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

Accounts Payable and Accrued Expenses

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

Compensated Absences

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

Deferred Inflows of Resources

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

Operating and Non-Operating Revenues

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

Revenue Recognition

Unrestricted

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

Restricted

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

General Fund Support from Indiana University

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.

June 30, 2019 and 2018**Note 2 - Significant Accounting Policies (Continued)*****Corporation for Public Broadcasting Community Service Grants***

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

Functional Allocation of Expenses

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

Net Position

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

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

Income Taxes

The Station, operating as a department of the University, is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal years 2018 and 2017.

Note 3 - Deposits and Investments

WFIU-FM maintains no directly held bank accounts. Rather, the Station's funds are held and managed by the University. The University has an Investment Policy Statement. The investment policy ultimately determines the credit risk for the Station. The Station's "demand deposits" were held at Indiana University in the amount of \$364,376 and \$592,804 for the years ended June 30, 2019 and 2018, respectively.

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

Custodial Credit Risk of Bank Deposits

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

June 30, 2019 and 2018

Note 3 - Deposits and Investments (Continued)***Statutory Authorization for Investments***

The University Board of Trustees has acknowledged responsibility as a fiduciary body for the invested assets of the University. Indiana Code 30-4-3-3 requires the trustees to “exercise the judgment and care required by Indiana Code 30-4-3.5,” the Indiana Uniform Prudent Investor Act. That Act requires the trustees to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.” The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the University’s investment policy. The trustees have delegated the day-to-day responsibilities of overseeing the investment program to the Office of the Treasurer. As of June 30, 2019 and 2018, the Station did not hold any investments.

Note 4 - Capital Assets

Capital assets include both purchased and donated assets. There were no donated capital assets during fiscal year 2019 and 2018. Capital asset activity for the years ended June 30, 2019 and 2018, were as follows:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets being depreciated:				
Building components	\$ 140,630	\$ 1,527	\$ -	\$ 142,157
Transmission, antenna and tower	527,614	10,148	-	537,762
Studio and other broadcasting equipment	47,560	-	-	47,560
Subtotal	715,804	11,675	-	727,479
Accumulated depreciation:				
Building components	1,758	2,260	-	4,018
Transmission, antenna and tower	466,713	16,972	-	483,685
Studio and other broadcasting equipment	22,491	6,565	-	29,056
Subtotal	490,962	25,797	-	516,759
Net capital assets	<u>\$ 224,842</u>	<u>\$ (14,122)</u>	<u>\$ -</u>	<u>\$ 210,720</u>

June 30, 2019 and 2018

Note 4 - Capital Assets (Continued)

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets being depreciated:				
Building components	\$ -	\$ 140,630	\$ -	\$ 140,630
Transmission, antenna and tower	527,614	-	-	527,614
Studio and other broadcasting equipment	55,069	-	(7,509)	47,560
Subtotal	582,683	140,630	(7,509)	715,804
Accumulated depreciation:				
Building components	-	1,758	-	1,758
Transmission, antenna and tower	450,756	15,957	-	466,713
Studio and other broadcasting equipment	15,556	6,935	-	22,491
Subtotal	466,312	24,650	-	490,962
Net capital assets	\$ 116,371	\$ 115,980	\$ (7,509)	\$ 224,842

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

	2019	2018
Governmental activities:		
Programming and production	\$ 6,450	\$ 6,935
Broadcasting	16,767	15,957
Management and general	2,580	1,758
Total governmental activities	\$ 25,797	\$ 24,650

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
Digital Conversion: 2nd Audio Channel	18-01-N07185	\$ 20,338	09/2019

Note 5 - Indiana University Donated Facilities and Administrative Support

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

Institutional support from the University is estimated at \$244,321 and \$78,763 for fiscal years ending June 30, 2019 and 2018, respectively, and is computed using operating expenses as the base.

Physical plant support from the University is estimated at \$126,315 and \$19,095 for fiscal years ending June 30, 2019 and 2018, respectively. This represents the Station's pro rata share of allowable physical plant costs not allocated by the University based on gross square feet.

June 30, 2019 and 2018

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

The value of the University donated facilities is calculated on the Annual Value Computations for Buildings and Tower Facilities form provided by the Corporation for Public Broadcasting. For the renovated Radio and TV Building for fiscal years ending June 30, 2019 and 2018, the totals for the Station were \$49,091 and \$75,601, respectively. For the new roof and satellite dish mount on the Radio and TV Building for fiscal years ending June 30, 2019 and 2018, the totals for the Station were \$2,256 and \$6,144, respectively. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Note 6 - Compensated Absences

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

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 142,204	\$ 47,015	\$ (32,866)	\$ 156,353	\$ 96,334
	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 150,964	\$ 124,468	\$ (133,228)	\$ 142,204	\$ 132,000

Note 7 - Retirement Plans and Postemployment Benefits

The Station's appointed employees are covered by the same retirement plans as other employees of the University. Complete details of these plans can be found in the Indiana University Annual Financial Report, which can be found on the Indiana University website: https://vpco.iu.edu/_assets/doc/fy2019.pdf

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

Non-exempt staff retirement plan expenses for the years ended June 30, 2019 and 2018 were \$38,850 and \$38,473, respectively. Exempt staff retirement plan expenses for the years ended June 30, 2019 and 2018 were \$114,131 and \$122,321, respectively.

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

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.

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)***Indiana Public Employees' Retirement Fund***

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support staff and temporary employees who normally work at least 50% FTE appointment hired prior to July 1, 2013, participate in the PERF plan. There were 2,493 and 2,885 active university employees covered by this retirement plan as of June 30, 2019 and 2018, respectively. State statutes authorize the university to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. Contributions to PERF are determined by INPRS Board of Trustees in accordance with IC 5-10.2-2-11 and are based on actuarial investigation and valuation. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute, but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the pension benefit. The annuity savings account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the annuity savings account. The university has elected to make the contributions to annuity savings account on behalf of the members. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Investments of the pension plan are valued as follows: Investments are reported at fair value. Short-term investments are reported at cost. Fixed income and equity securities are valued based on published market prices, quotations from national security exchanges, or using modeling techniques that approximate a fair value for securities that are not traded on a national exchange. Alternative investments are valued based on quoted market prices or using estimates of fair value in the absence of readily determinable public market values. Derivative instruments are marked to market daily. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-844-464-6777, or by reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the Station totaled \$24,483 and \$20,796 for fiscal years ended June 30, 2019 and 2018, respectively. This represented an 11.2% university pension benefit contribution for fiscal years ended June 30, 2019 and 2018, and a 3.0% university contribution for the annuity savings account provisions each year.

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

At June 30, 2019 and 2018, the Station's reported allocation of the University's share of the net pension liability was \$113,271 and \$143,623, respectively. The net pension liability was based on the University's measurement date of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018. The Station's proportion of the net pension liability was based on wages reported by the Station relative to the collective wages of the University reported to the plan. At June 30, 2019 and 2018, the Station's proportion was 0.165 and 0.156 percent, respectively, representing changes of 5.88% and 0.0%, respectively. The Station's pension expense as of June 30, 2019 and 2018, was \$1,862 and \$22,285, respectively.

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

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

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,481	\$ 8	\$ 2,728	\$ 112
Changes in assumptions	270	18,187	2,306	-
Net difference between projected and actual earnings on pension plan investments	3,355	-	15,518	-
Changes in proportion and differences between the Station's contributions and proportionate share of contributions	6,773	6,099	26,312	29,218
The Station's contributions to the plan subsequent to the measurement date	18,530	-	20,796	-
Total	<u>\$ 30,409</u>	<u>\$ 24,294</u>	<u>\$ 67,660</u>	<u>\$ 29,330</u>

Deferred outflows of resources in the amount of \$18,530 and \$20,796 related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 and 2019, respectively.

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

Years Ending	Amount
2020	\$ 2,871
2021	(4,741)
2022	(8,539)
2023	(2,006)
2024	-
Thereafter	-
Total	<u>\$ (12,415)</u>

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)**Actuarial Assumptions**

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

	2019	2018
Cost of living	FY 2020-2021 - 13th check FY 2022-2033 - 0.4% FY 2034-2038 - 0.5% FY 2039 and on - 0.6%	1.0%
Inflation	2.25%, average	2.25%, average
Future salary increases	2.50% - 4.25%	2.50% - 4.25%
Investment rate of return	6.75%, net of pension plan investment expense	6.75%, net of pension plan investment expense
Mortality rates	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled members	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled members

The actuarial assumptions used in the valuations of June 30, 2018, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies which reflected the period from July 1, 2010 through June 30, 2014. Member census data as of June 30, 2017, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2017 to the June 30, 2018 measurement date.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the university's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, as well as what the university's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		
	1 Percent Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percent Increase (7.75%)
Net pension liability of the Station	\$ 178,306	\$ 113,271	\$ 59,038
	2018		
	1 Percent Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percent Increase (7.75%)
Net pension liability of the Station	\$ 209,469	\$ 143,623	\$ 88,887

Pension Plan Fiduciary Net Position

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

Other Postemployment Benefits

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

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

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

The university provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The university provides retiree life insurance benefits in the amount of \$6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report. Reflected in this note are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2014, which includes five years of annual contributions to a health reimbursement account.

Funding Policy

The contribution requirements of plan members and the university are established and may be amended by the trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid \$814,000 and \$826,000 in premiums in the fiscal years ended June 30, 2019 and June 30, 2018, respectively. The university does not maintain a separate legal trust to house assets used to fund postemployment benefits.

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

At June 30, 2019 and 2018, the Station reported \$252,070 and \$247,060 for its total OPEB liability, respectively. At June 30, 2019 and 2018, the Station reported \$29,344 and \$20,177 for its total OPEB expense, respectively. The total OPEB liability was measured as of June 30, 2019, and was determined with results from July 1, 2018, actuarially projected on a "no gain / no loss" basis to get to the June 30, 2019 measurement date. Liabilities as of July 1, 2018, are based on an actuarial valuation date of July 1, 2018, with no adjustments. At June 30, 2019 and 2018 the Station's proportion was 0.099 and 0.092 percent, respectively, a change of 7.603% and 0%, respectively.

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

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	\$ 118,600	\$ 95,186	\$ 33,274	\$ 247,060
Service cost	2,187	8,342	964	11,493
Interest	4,525	4,200	1,396	10,121
Changes in assumptions	646	3,224	2,113	5,983
Differences between expected and actual experience	(3,171)	(6,261)	-	(9,432)
Change in proportionate share	9,017	7,237	2,530	18,784
Benefit payments	(26,012)	(4,506)	(1,421)	(31,939)
Total OPEB liability, end of year	<u>\$ 105,792</u>	<u>\$ 107,422</u>	<u>\$ 38,856</u>	<u>\$ 252,070</u>

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)

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

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
Total OPEB liability, beginning of year	\$ 144,353	\$ 37,220	\$ 33,024	\$ 214,597
Service cost	3,167	2,862	1,007	7,036
Interest	4,755	1,374	1,197	7,326
Changes in assumptions	(727)	3,218	(836)	1,655
Differences between expected and actual experience	(3,335)	53,929	63	50,657
Benefit payments	(29,613)	(3,417)	(1,181)	(34,211)
Total OPEB liability, end of year	<u>\$ 118,600</u>	<u>\$ 95,186</u>	<u>\$ 33,274</u>	<u>\$ 247,060</u>

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

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

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:				
18/20 Plan	\$ 566	\$ 609	\$ -	\$ 647
Retiree health insurance	5,514	-	2,860	-
Retiree life insurance	1,848	700	-	743
Differences between expected and actual experience:				
18/20 Plan	-	5,565	-	2,963
Retiree health insurance	45,134	5,479	47,937	-
Retiree life insurance	53	-	56	-
Change in proportionate share	17,421	330	-	-
Total	<u>\$ 70,536</u>	<u>\$ 12,683</u>	<u>\$ 50,853</u>	<u>\$ 4,353</u>

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

Years Ending	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Change in proportionate share	Total
2020	\$ (801)	\$ 6,452	\$ 171	\$ 2,393	\$ 8,215
2021	(801)	6,452	171	2,393	8,215
2022	(801)	6,452	171	2,393	8,215
2023	(801)	6,452	171	2,393	8,215
2024	(801)	6,452	171	2,393	8,215
Thereafter	(1,603)	12,909	346	5,126	16,778
Total	<u>\$ (5,608)</u>	<u>\$ 45,169</u>	<u>\$ 1,201</u>	<u>\$ 17,091</u>	<u>\$ 57,853</u>

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)**Actuarial Assumptions**

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

	2019	2018
Payroll growth (medical/life plan)	3.0%	3.0%
Payroll growth (18/20 plan)	2.5%	2.5%
Inflation	3.0%	3.0%
Health care cost trend rates	8.5% for fiscal year 2020 to 5.0% for fiscal year 2027 and later years Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017	9.0% for fiscal year 2019 to 5.0% for fiscal year 2027 and later years Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017
Mortality rates	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Actuarial cost method		

Discount Rate

The discount rate used in valuing OPEB liabilities as of June 30, 2019, was 3.51% and 3.87% as of July 1, 2018. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer Go 20 index was used for the current discount rate.

Sensitivity of Total OPEB Liability to the Discount Rate

The following table presents the June 30, 2019, total OPEB liability using the discount rate of 3.51%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		
	1 Percent Decrease (2.51%)	Current Discount Rate (3.51%)	1 Percent Increase (4.51%)
18/20 plan	\$ 107,568	\$ 105,792	\$ 103,987
Retiree health insurance	116,918	107,422	98,716
Retiree life insurance	45,788	38,856	33,401

The following table presents the June 30, 2018, total OPEB liability using the discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2018		
	1 Percent Decrease (2.87%)	Current Discount Rate (3.87%)	1 Percent Increase (4.87%)
18/20 plan	\$ 120,822	\$ 118,599	\$ 116,340
Retiree health insurance	103,518	95,186	87,552
Retiree life insurance	39,017	33,275	28,733

June 30, 2019 and 2018

Note 7 - Retirement Plans and Postemployment Benefits (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

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

	2019		
	1 Percent Decrease	Current Trend	1 Percent Increase
Retiree health insurance	\$ 94,413	\$ 107,422	\$ 122,940
	2018		
	1 Percent Decrease	Current Trend	1 Percent Increase
Retiree health insurance	\$ 84,736	\$ 95,186	\$ 107,540

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

Note 8 - Risk Management

The university is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-funded for damage to buildings and building contents for the first \$100,000 per occurrence with an additional \$400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The university is self-funded for comprehensive general liability and automobile liability for the first \$100,000 per occurrence with an additional \$900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of \$400,000 for each claim and \$1,200,000 annually in aggregate provided by OCIC. The university is self-funded for the first \$850,000 for each Workers' Compensation claim and \$125,000 in the aggregate for all claims in excess of \$850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The university is self-funded for the first \$850,000 for employer liability claims with an additional \$1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The University has three health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded by the University. All organizational units of the University, including the Station, are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

Required Supplemental Information

Required Supplemental Information

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

Last Three Plan Years
For the Plan Year Ended June 30

	2018		2017		2016
Station's proportion of the net pension liability (asset)	0.16500 %		0.15600 %		0.15600 %
Station's proportionate share of the net pension liability (asset)	\$ 113,271	\$	143,623	\$	149,275
Station's covered payroll	\$ 205,964	\$	200,466	\$	217,632
Station's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.00 %		71.64 %		68.59 %
Plan fiduciary net position as a percentage of total pension liability	78.90 %		76.60 %		75.30 %

GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2014. Additional years will be included in future reports as data becomes available.

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

Last Three Fiscal Years

Year Ended June 30

	2019	2018	2017
Statutorily required contribution	\$ 18,450	\$ 20,796	\$ 22,939
Contributions in relation to the statutorily required contribution	18,450	20,796	22,939
Contribution Excess	\$ -	\$ -	\$ -
Station's Covered Payroll	\$ 167,429	\$ 185,522	\$ 210,846
Contributions as a Percentage of Covered Payroll	11.02 %	11.21 %	10.88 %

GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2015. Additional years will be included in future reports as data becomes available.

Required Supplemental Information

Schedule of Changes in the Total OPEB Liability and Related Ratios - No Trust

		Last Ten Fiscal Years					
		18/20 Plan		Retiree Health Insurance		Retiree Life Insurance	
		2019	2018	2019	2018	2019	2018
Total OPEB Liability							
Service cost	\$	2,187	\$ 3,167	\$ 8,342	\$ 2,862	\$ 964	\$ 1,007
Interest		4,525	4,755	4,200	1,374	1,396	1,197
Change in proportionate share (for Radio)		9,017	-	7,237	-	2,530	-
Differences between expected and actual experience		(3,171)	(727)	(6,261)	3,218	-	(836)
Changes in assumptions		646	(3,335)	3,224	53,929	2,113	63
Benefit payments, including refunds		(26,012)	(29,613)	(4,506)	(3,417)	(1,421)	(1,181)
Net Change in Total OPEB Liability		(12,808)	(25,753)	12,236	57,966	5,582	250
Total OPEB Liability - Beginning of year		118,600	144,353	95,186	37,220	33,274	33,024
Total OPEB Liability - End of year	\$	105,792	\$ 118,600	\$ 107,422	\$ 95,186	\$ 38,856	\$ 33,274
Covered Payroll	\$	496,709	\$ 547,719	\$ 504,367	\$ 439,588	\$ 182,436	\$ 153,666
Total OPEB Liability as a Percentage of Covered Payroll		21.30 %	21.65 %	21.30 %	21.65 %	21.30 %	21.65 %

GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2017. Additional years will be included in future reports as data becomes available.

June 30, 2019 and 2018**Pension Information****Fiscal Year 2019***Changes of Benefit Terms:* None

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

Fiscal Year 2018

Changes of Benefit Terms: None

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

Fiscal Year 2017, 2016, 2015

Changes of Benefit Terms: None*Changes in Assumptions:* None**OPEB Information****Fiscal Year 2019***Changes in Benefit Terms:* There were no changes of benefit terms in 2019.

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

Fiscal Year 2018

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

Changes in Assumptions: The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.