

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

FINANCIAL STATEMENTS AUDIT REPORT  
OF

WVUT-TV  
A PUBLIC TELEVISION STATION OPERATED  
BY VINCENNES UNIVERSITY  
VINCENNES, INDIANA

July 1, 2018 to June 30, 2019



**FILED**  
12/13/2019



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### SCHEDULE OF UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-18 to 07-12-19
Vice President for Financial Services	(Vacant) Linda Waldroup	07-12-19 to 07-28-19 07-29-19 to 06-30-20
President	Charles Johnson	12-02-15 to 12-31-20
Chairman of the Board	John A. Stachura	07-01-18 to 06-30-20
General Manager	Nichole L. Carie	07-01-18 to 06-30-20



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF WVUT-TV, A PUBLIC TELEVISION 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 WVUT-TV, a public television station operated by Vincennes University (WVUT-TV), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise WVUT-TV's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVUT-TV'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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Unmodified Opinion***

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 WVUT-TV, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and 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 WVUT-TV are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of Vincennes University (University) that are attributable to the transactions of WVUT-TV. They do not purport to, and do not, present fairly the financial position of the University, as of June 30, 2019, 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 State of America. Our opinion is not modified with respect to this matter.


As discussed in Note 1 to the financial statements, in fiscal year 2019, WVUT-TV adopted new accounting guidance GASB Statement 83 *Certain Asset Retirement Obligations*, GASB Statement 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement 89 *Accounting and Interest Cost Incurred before the End of a Construction Period*. Our opinion is not modified with respect to these matters.

***Other Matters***

The financial statements of WVUT-TV, as of and for the year ended June 30, 2018, were audited by other auditors, whose report, dated February 11, 2019, expressed an unmodified opinion on these statements.

***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 5, 2019

## **WVUT-TV**

### **A Public Television Station Owned and Operated by Vincennes University**

#### **Management's Discussion and Analysis**

##### **INTRODUCTION**

WVUT-TV (the Station) presents its financial statements for the year ending June 30, 2019. This discussion and analysis provides an overview of the financial position and activities of WVUT-TV for the year ending June 30, 2019 with comparative information for the years ending June 30, 2018 and 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUT-TV is licensed to the Board of Trustees of Vincennes University. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968. Vincennes University was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002. On June 12, 2009, WVUT-TV, along with all other analog TV stations, turned the analog transmitter off and went on-air completely digital. In July of 2010, all in-studio and out-of-studio local productions were converted to High Definition, making WVUT one of the first stations in the state to completely convert all operations to High Definition.

##### **USING THE FINANCIAL STATEMENTS**

The WVUT-TV 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, which establish standards for external reporting for public colleges and universities and require that financial statements be presented for aggregate operations.

##### **STATEMENT OF NET POSITION**

The Statement of Net Position presents the financial position of WVUT-TV at the end of the fiscal year and includes all assets and liabilities of WVUT-TV. The difference between total assets and total liabilities --net position-- is one indicator of the current financial condition of WVUT-TV, 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 WVUT-TV's assets, liabilities and net position at June 30, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 1,028,991	\$ 1,003,192	\$ 997,297
Noncurrent Assets			
Capital Assets, net of depreciation	<u>1,407,664</u>	<u>1,314,050</u>	<u>1,303,172</u>
Total Assets	<u>2,436,655</u>	<u>2,317,242</u>	<u>2,300,469</u>
Current Liabilities	8,931	6,832	1,697
Net Position	<u>\$ 2,427,724</u>	<u>\$ 2,310,410</u>	<u>\$ 2,298,772</u>

Current assets consist primarily of cash and cash equivalents and accounts receivable. Current liabilities consist of accounts payable. WVUT-TV has no long-term liabilities.

The Station reported a receivable of \$95,332 at 2019 fiscal year end for unreimbursed expenditures associated with the FCC mandated channel repack which accounts for the majority of the increase in current assets in 2019. In 2018, the receivable for repack expenditures totaled \$63,541. The \$21,589 in prepaid expenses make up the remainder of the increase in current assets. There were no prepaid expenses in 2018. Construction in progress accounts for the majority of the increase in capital assets. The Station purchased \$23,195 in capital assets in fiscal year 2019. Current liabilities increased slightly for amounts owed to vendors utilized for the repack project.

Total current assets and current liabilities remained relatively unchanged from 2017 to 2018. During fiscal year 2018, there were capital asset purchases totaling \$136,505 and depreciation expense totaling \$125,626 which reflects the slight increase in net capital assets from the prior year.

### **Net Position**

Net position represents the residual interest in WVUT-TV's assets after liabilities are deducted. WVUT-TV's net position is summarized as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Investment in Capital Assets	\$ 1,407,664	\$ 1,314,050	\$ 1,303,172
Restricted	\$ 811,807	\$ 805,338	\$ 811,170
Unrestricted	208,253	191,022	184,430
Total Net Position	<u>\$ 2,427,724</u>	<u>\$ 2,310,410</u>	<u>\$ 2,298,772</u>

*Net Investment in Capital Assets* represents the Station's equity in property, plant and equipment net of accumulated depreciation. As mentioned above, there were capital asset purchases totaling \$23,195 and depreciation expense totaling \$124,389 in fiscal year 2019. All of the asset disposals in 2019 were fully depreciated. Net investment in capital assets increased \$93,614. The increase includes \$194,808 in construction in progress combined with \$23,195 in capital asset purchases and a decrease of \$124,389 depreciation expense.

*Restricted Net Position* represents constraints placed on net position use when imposed by third parties or by law through constitutional provisions or enabling legislation. These amounts are unspent Community Service Grant funds.

*Unrestricted Net Position* is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets. Unrestricted net position increased 9 percent in fiscal year 2019.

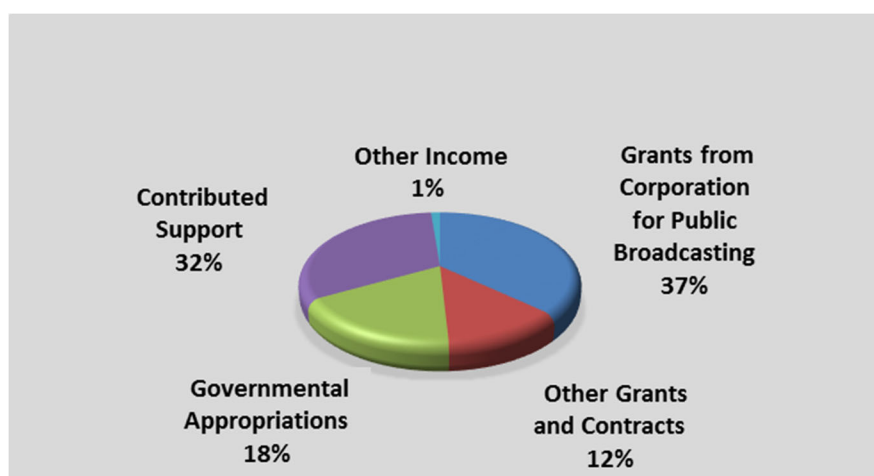
### **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of WVUT-TV 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 summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented below:



	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue	\$ 1,597,093	\$ 1,462,283	\$ 1,473,440
Operating Expenses	<u>1,853,243</u>	<u>1,821,184</u>	<u>1,900,178</u>
Net Operating Loss	(256,150)	(358,901)	(426,738)
Non Operating Revenue	<u>373,464</u>	<u>370,539</u>	<u>367,568</u>
Increase (Decrease) in Net Position	117,314	11,638	(59,170)
Net Position, beginning of year, as restated	2,310,410	2,298,772	2,357,942
Net Position - End of year	<u>\$ 2,427,724</u>	<u>\$ 2,310,410</u>	<u>\$ 2,298,772</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUT-TV for the year ended June 30, 2019.



### ***Fiscal Year 2019***

Identifying areas for future revenue growth is increasingly important for WVUT-TV. In addition to the appropriations from the Corporation for Public Broadcasting (CPB), the Station receives significant financial support for ongoing operations from Vincennes University.

In fiscal year 2019, the Station received \$727,628 in operating revenue from CPB to help support the Station's operating expenses of nearly \$1.9 million. There was a slight decrease in CPB funding from 2018 to 2019. The Station's cost containment efforts are evident given that contributions from Vincennes University also decreased by 5 percent and 10 percent, for fiscal years 2019 and 2018, respectively.

Total operating expenses increased 2 percent in fiscal year 2019. Increases in broadcasting and management and general costs were offset in part by a decrease in programming and production

costs. Service and supply purchases for the repack project along with utility costs represent the major increase in broadcasting expenses. Qualified repack expenditures are reimbursable by the Federal Communications Commission (FCC). Management and general expenses increased primarily from a wage increase and an increase in audit costs.

### ***Fiscal Year 2018***

WVUT-TV received \$729,230 in operating revenue from the Corporation for Public Broadcasting (CPB) and government appropriations to help support the Station's operating expenses of \$1.8 million during the fiscal year of 2018.

The Station received \$663,072 in contributions from Vincennes University and other outside sources in fiscal year 2018, a decrease of 10 percent from contributions totaling \$732,001, in fiscal year 2017. Overall, operating expenses were 4 percent lower in fiscal year 2018. Programming and production expenses remained relatively stable as compared to the prior year. The largest decrease was in depreciation expense which decreased approximately 28 percent as a result of aging assets.

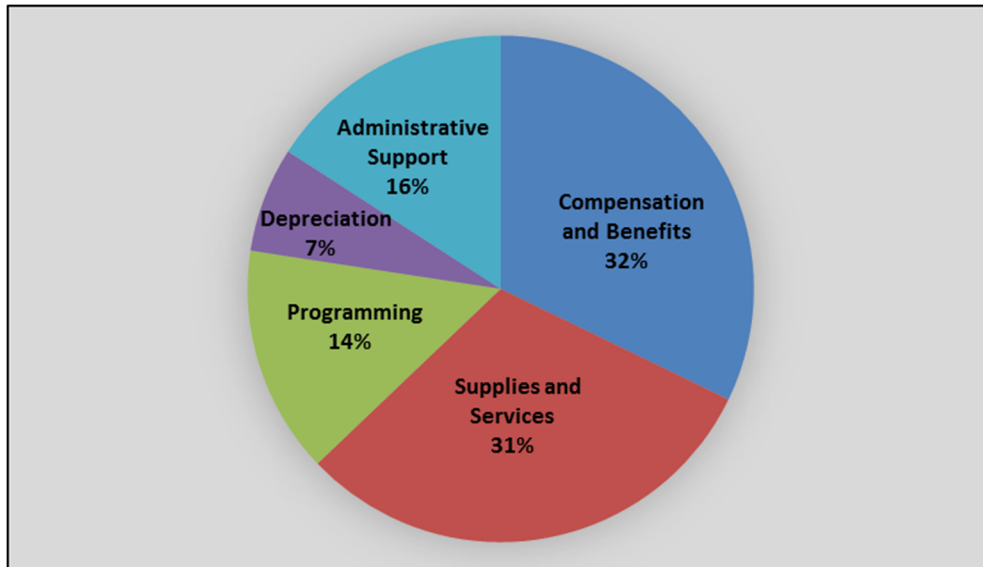
A summary of WVUT-TV's expenses by object for the year ended June 30, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating:			
Compensation and Benefits	\$ 596,685	\$ 645,370	\$ 641,109
Supplies and Services	568,695	484,851	462,385
Programming Costs	269,351	270,554	270,735
Depreciation	124,389	125,627	173,290
Administrative Support	294,123	294,782	352,659
Total Operating Expenses	<u>\$ 1,853,243</u>	<u>\$ 1,821,184</u>	<u>\$ 1,900,178</u>

When comparing the expenses by the natural classifications for 2018 and 2019, programming, depreciation and administrative support were relatively unchanged. The supplies and services classification contains the increased broadcasting cost related to repack as well as higher costs for power usage. One of the Station's production positions was not replaced resulting in the decrease to total compensation and benefits.

In 2018, depreciation expense decreased 28 percent due to the aging of the assets. The 16 percent change in contributed support was primarily related to the change in the Station's administrative support calculation. The Station moved from the basic rate method to a modified rate using the University's indirect rate from its cognizant agency. The 5 percent increase in supplies and services reflects costs incurred for the repacking project.

The following is a graphic illustration of total expenses by object for the year ended June 30, 2019:



A summary of WVUT-TV's expenses by functional classification for the years ended June 30, 2019, 2018 and 2017 is as follows:

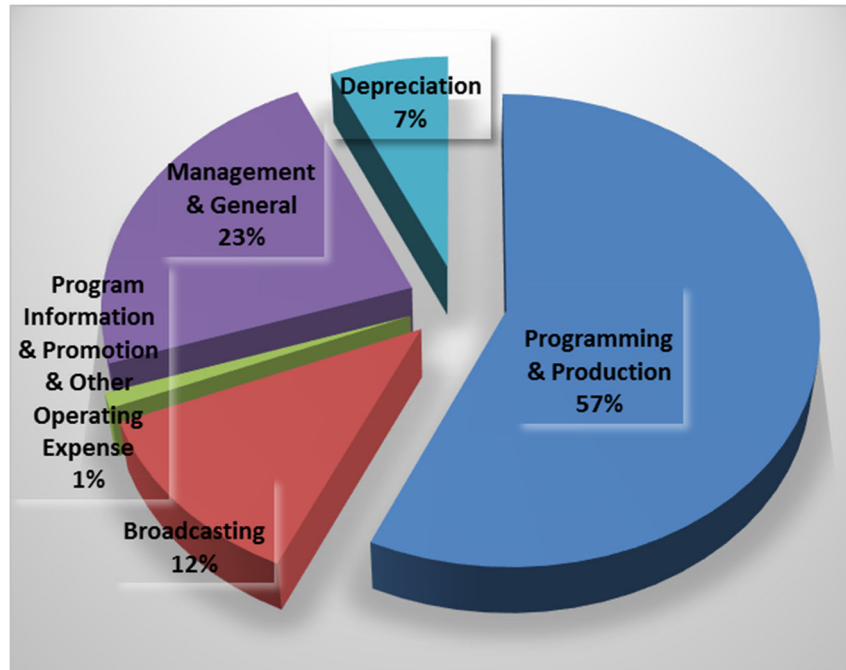
	2019	2018	2017
Operating			
Programming & Production	\$ 1,052,578	\$ 1,107,858	\$ 1,089,251
Broadcasting	222,387	179,097	138,326
Program Information & Promotion	19,243	8,414	6,649
Management & General	434,646	400,034	492,200
Fundraising & Membership Development	-	154	462
Depreciation	124,389	125,627	173,290
Total Operating Expenses	<u>\$ 1,853,243</u>	<u>\$ 1,821,184</u>	<u>\$ 1,900,178</u>

When analyzing the functional classifications over the past three fiscal years, there were several notable changes. For fiscal year 2019, programming and production costs decreased by 5 percent from fiscal year 2018. As previously mentioned, a producer/director position was not filled in 2019, representing the majority of the decrease.

The repack project is reflected in the total broadcasting costs for fiscal year 2019, which increased \$43,290, or 24 percent. Wage and benefit increases comprise the largest portion of the increase in management and general expenses from 2018 to 2019.

In 2018, the management and general expenses decreased 19 percent as a result of the change in the administrative support calculation and broadcasting increased 29 percent tied to the expenditures incurred for the FCC repackaging. Depreciation continues to decrease for all years presented as a result of the aging of assets.

The following graphic illustration presents total expenses by function for the year ended June 30, 2019:



### **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides additional information about WVUT-TV'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, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Cash received from operations	\$ 1,173,510	\$ 996,218	\$ 994,793
Cash expended for operations	(1,356,553)	(1,287,649)	(1,249,477)
Net cash used in operating activities	(183,043)	(291,431)	(254,684)
Net cash provided by non capital financing activities	373,465	370,539	371,622
Net cash used in capital and related financing activities	(218,003)	(136,505)	(50,086)
Net increase/(decrease) in cash and cash equivalents	(27,581)	(57,397)	66,852
Cash and cash equivalents, beginning of year	939,651	997,048	930,196
Cash and cash equivalents, end of year	\$ 912,070	\$ 939,651	\$ 997,048

Cash and cash equivalents decreased 3 percent in fiscal year 2019. The overall net change is the result of a decrease in contributed support, increased payments to suppliers, and a decrease in wage and benefit costs. The majority of costs related to the station repack were incurred in fiscal year 2019. Corresponding cash receipts for the reimbursement of these costs were also received during 2019. At June 30, 2019, the Station reported a receivable of \$95,332 for the amount of unreimbursed repack costs.

The total cash and cash equivalents have remained relatively stable when comparing the three fiscal years, with a 6 percent decrease in fiscal year 2018. This decrease is primarily related to

the expenditures incurred for the FCC mandated repacking totaling \$63,541. During fiscal year 2017, there was a 7 percent increase in cash and cash equivalents. Reductions in cash expended for operations and capital served to offset the decrease in cash received from operations during this year.

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

WVUT is nearing completion of its FCC mandated spectrum repack. The Station engaged an outside firm to handle the reimbursement process based upon unique requirements for cost submission. The Station has benefited from more timely reimbursement with the contracted services. The repack process for WVUT should wind down by the end of FY2020.

WVUT has begun efforts this year to start up membership. While the anticipated size of this financial support cannot be accurately predicted for our viewing area, any increase in membership is being viewed as new funding to help offset expenses. By end of FY2021, WVUT should have a good measure on the amount of sustaining membership support possible on an annual basis.

The majority of the station's funding remains directly tied to the University, the State of Indiana and the federal funding through the Corporation for Public Broadcasting.

- University enrollment remains at a decreased level when compared to previous years, which continues to pose a possible strain on our operations as the University looks to tighten budgets. Management is hopeful that two upcoming retirements within WVUT will not result in a reduction of staff, as University administration will need to approve the new hiring.
- The Indiana Legislature maintained level funding for public broadcasting in the two year budget adopted in 2019. This funding goes towards offsetting station expenses, as well as towards WVUT's membership in the Indiana Public Broadcasting Stations (IPBS).
- The Corporation for Public Broadcasting board has approved several policy recommendations for the Television Community Service Grant (CSG). These changes will result in a slight increase to WVUT's base grant for FY2021 and will immediately allow for more options to meet the \$800,000 minimum NFFS eligibility requirement for the CSG funding.

Station management remains committed to the fiscal stewardship of funds in order to maintain a sound financial position for the Station. Efforts will continue to expand membership, as well as grow underwriting and sponsorship for WVUT. Community outreach will remain the cornerstone of our operation as we continue to serve those in our viewing area.

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#### BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of WVUT-TV. The financial statements and notes are presented as intended by the WVUT-TV.

**WVUT-TV**  
**A Public TV Station Operated by Vincennes University**

**Statements of Net Position**  
**As of June 30, 2019 and 2018**

	<b>6/30/2019</b>	<b>6/30/2018</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 912,070	\$ 939,651
Accounts receivable	95,332	63,541
Prepaid expense	21,589	-
<b>Total current assets</b>	<b>1,028,991</b>	<b>1,003,192</b>
Non-current assets:		
Capital assets not being depreciated	944,808	750,000
Capital assets being depreciated	4,470,483	4,665,794
Less accumulated depreciation	(4,007,627)	(4,101,744)
<b>Total Non-Current Assets</b>	<b>1,407,664</b>	<b>1,314,050</b>
<b>Total assets</b>	<b>\$ 2,436,655</b>	<b>\$ 2,317,242</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 8,931	\$ 6,832
<b>Total current liabilities</b>	<b>8,931</b>	<b>6,832</b>
Net Position:		
Investment in capital assets	1,407,664	1,314,050
Restricted for station activities	811,807	805,338
Unrestricted	208,253	191,022
<b>Total net position</b>	<b>2,427,724</b>	<b>2,310,410</b>
<b>Total liabilities and net position</b>	<b>\$ 2,436,655</b>	<b>\$ 2,317,242</b>

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



**WVUT-TV**  
**A Public TV Station Operated By Vincennes University**

**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2019 and 2018**

	<b>6/30/2019</b>	<b>6/30/2018</b>
Operating revenue:		
Grants from Corporation for		
Public Broadcasting	\$ 727,628	\$ 729,230
Other grants and contracts	240,644	63,541
Underwriting	-	6,440
Contributed support	628,821	663,072
<b>Total operating revenue</b>	<b>\$ 1,597,093</b>	<b>\$ 1,462,283</b>
Operating Expenses		
Programming and production	\$ 1,052,578	\$ 1,107,858
Broadcasting	222,387	179,097
Program information and promotion	19,243	8,414
Management and general	434,646	400,034
Fundraising and membership development	-	154
Depreciation	124,389	125,627
<b>Total operating expenses</b>	<b>\$ 1,853,243</b>	<b>\$ 1,821,184</b>
<b>Operating loss</b>	<b>(256,150)</b>	<b>(358,901)</b>
Non-operating revenues		
Governmental appropriations	348,628	348,628
Other non-operating revenues	24,836	21,911
<b>Total non-operating revenues</b>	<b>373,464</b>	<b>370,539</b>
<b>Increase in net position</b>	<b>\$ 117,314</b>	<b>\$ 11,638</b>
Net Position - beginning of year	2,310,410	2,298,772
Net Position - end of year	<b>\$ 2,427,724</b>	<b>\$ 2,310,410</b>

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

**WVUT-TV**  
**A Public TV Station Operated By Vincennes University**

**Statements of Cash Flows**  
**For the Years Ended June 30, 2019 and 2018**

	6/30/2019	6/30/2018
Cash flows from operating activities:		
Grants and Contracts	\$ 936,480	\$ 729,230
Underwriting and Other Contributions	-	6,440
Contributed Support	237,030	260,548
Payments to Suppliers	(759,868)	(642,280)
Payments to Employees	(452,626)	(492,099)
Payments for Benefits	(144,059)	(153,270)
<b>Net cash used in operating activities</b>	<b>\$ (183,043)</b>	<b>\$ (291,431)</b>
Cash flows from noncapital financing activities:		
Governmental Appropriations	348,629	348,628
Other Income	24,836	21,911
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 373,465</b>	<b>\$ 370,539</b>
Cash flows from capital and related financing activities:		
Purchases of Capital Assets and Construction	(218,003)	(136,505)
<b>Net cash used in capital and related financing activities</b>	<b>\$ (218,003)</b>	<b>\$ (136,505)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (27,581)</b>	<b>\$ (57,397)</b>
Cash and cash equivalents - beginning of year	939,651	997,048
Cash and cash equivalents - end of year	<u>\$ 912,070</u>	<u>\$ 939,651</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (256,150)	\$ (358,901)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation Expense	124,389	125,627
Changes in assets and liabilities:		
Accounts receivable	(31,791)	(63,541)
Prepaid expense	(21,588)	249
Accounts payable and accrued liabilities	2,097	5,135
<b>Net cash used in operating activities</b>	<b>\$ (183,043)</b>	<b>\$ (291,431)</b>

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

**WVUT-TV**  
**A Public Television Station Operated By Vincennes University**

**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies**

**Reporting entity:** WVUT-TV (the Station) is a public television 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's 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 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

**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:** The receivable reflects the estimated reimbursable expenditures incurred for the FCC repacking as of June 30, 2019. Management has concluded that 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.

**Underwriting revenue:** Contributions are recognized as revenue upon receipt.

**Contributed support:** Contributed materials, supplies, facilities, and non-capital property are recorded at their estimated acquisition value at the date of donation. If the acquisition value of contributed materials, supplies, facilities and non-capital 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.

**WVUT-TV**  
**A Public Television Station Operated By Vincennes University**

**Notes to Financial Statements**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Indirect administrative support:** Administrative support from Vincennes University consists of indirect costs incurred by the University on behalf of the Station, calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate has been modified for rate components that do not benefit the station in accordance with guidelines established by the Corporation for Public Broadcasting (CPB).

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

**Investment in capital assets:** This represents the Station's total investment in capital assets. There is no outstanding debt related to these capital assets.

**Restricted net position:** Restricted net position represents constraints placed on net position use when imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

**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 and liabilities that are not included in the determination of investment in capital assets and restricted net position.

**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 and expenses:** The Station has classified its revenues as operating revenues and expense according to the following criteria:

**Operating revenues and expenses:** The Station distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are grants for public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, as well as contributed support from the University and contributions from donors. Operating expenses include costs of services, payments to suppliers and employees, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**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 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.

**WVUT-TV**  
**A Public Television Station Operated By Vincennes University**

**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Non-operating revenues and expenses:** Non-operating revenues and expenses are defined in 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, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments*. Examples of non-operating revenue include governmental appropriations and examples of non-operating expenses include loss on disposition of capital assets.

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

**Note 2 – Cash**

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, 2019 and June 30, 2018 is \$912,070 and \$939,651 respectively.

**WVUT-TV**  
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**Notes to Financial Statements**

**NOTE 3: Capital Assets**

The following are summaries of the Station's capital asset activities as of June 30:

<u>2018-2019</u>	Beginning Balances 07/01/18	Increases	Decreases	Transfers	Ending Balances 06/30/19
Capital assets not being depreciated:					
Construction in progress	-	194,808			194,808
Fine arts (film library)	750,000	-	-	-	750,000
Total capital assets not being depreciated	750,000	194,808	-	-	944,808
Capital assets being depreciated:					
Building and Improvements	401,036	-	-	-	401,036
Equipment	4,264,758	23,195	218,506	-	4,069,447
Total capital assets being depreciated	4,665,794	23,195	218,506	-	4,470,483
Less accumulated depreciation for:					
Building and Improvements	199,039	13,219	-	-	212,258
Equipment	3,902,704	111,170	218,506	-	3,795,368
Total accumulated depreciation	4,101,743	124,389	218,506	-	4,007,626
Total capital assets being depreciated, net	564,051	(101,194)	-	-	462,857
Capital assets, net	\$ 1,314,051	\$ 93,614	\$ -	\$ -	\$ 1,407,665
<u>2017-2018</u>	Beginning Balances 07/01/17	Increases	Decreases	Transfers	Ending Balances 06/30/18
Capital assets not being depreciated:					
Fine arts (film library)	750,000	-	-	-	750,000
Total capital assets not being depreciated	750,000	-	-	-	750,000
Capital assets being depreciated:					
Building and Improvements	401,036	-	-	-	401,036
Equipment	4,134,229	136,505	5,976	-	4,264,758
Total capital assets being depreciated	4,535,265	136,505	5,976	-	4,665,794
Less accumulated depreciation for:					
Building and Improvements	185,817	13,222	-	-	199,039
Equipment	3,796,276	112,404	5,976	-	3,902,704
Total accumulated depreciation	3,982,093	125,626	5,976	-	4,101,743
Total capital assets being depreciated, net	553,172	10,879	-	-	564,051
Capital assets, net	\$ 1,303,172	\$ 10,879	\$ -	\$ -	\$ 1,314,051

**NOTE 4: Functional Expenses**

The costs of providing 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 the programs and supporting services benefited. Operating expenses by functional classification for the years ended June 30, 2019 and 2018, are summarized as follows:

	2019					
	PROGRAM SERVICES			SUPPORT SERVICES		
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Total 6/30/2019
Salaries, Wages & Benefits	\$ 503,544			\$ 93,141		\$ 596,685
Professional Services	3,950	42,905		17,892		64,747
Supplies	34,881	7,753		13,961		56,595
Occupancy		101,033		2,016		103,049
Postage				629		629
Advertising			19,243			19,243
Conferences & Meetings				9,606		9,606
Repairs & Maintenance	34,796	70,696		1,772		107,264
Programming Costs	269,351					269,351
Membership & Dues	206,056			1,505		207,561
Administrative Support				294,123		294,123
Depreciation				124,389		124,389
Total	\$ 1,052,578	\$ 222,387	\$ 19,243	\$ 559,035	\$ -	\$ 1,853,243
						\$ 1,821,184

**WVUT-TV**  
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**Notes to Financial Statements**

	2018						
	PROGRAM SERVICES			SUPPORT SERVICES			
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Total 6/30/2018	Total 6/30/2017
Salaries, Wages & Benefits	\$ 568,065			\$ 77,305		\$ 645,370	\$ 641,109
Professional Services		24,971		12,832	154	37,957	14,782
Supplies	24,314			2,218		26,532	26,971
Occupancy		74,944		2,627		77,571	80,261
Postage				217		217	971
Advertising			8,414			8,414	6,649
Conferences & Meetings				7,873		7,873	7,673
Repairs & Maintenance	32,714	75,856		608		109,178	101,858
Programming Costs	267,228	3,326				270,554	270,735
Membership & Dues	215,537			1,572		217,109	223,220
Administrative Support				294,782		294,782	352,659
Depreciation				125,627		125,627	173,290
Total	\$ 1,107,858	\$ 179,097	\$ 8,414	\$ 525,661	\$ 154	\$ 1,821,184	\$ 1,900,178

**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 Station changed the method of calculating its indirect support for the 2018 fiscal year. The Station had been utilizing the Basic Method and made the decision to use the Other Sponsored Activities (OSA) rate with a Modified Total Direct Cost (MTDC) base as approved by the University's cognizant agency, Health and Human Services. The approved rate of 35.1 percent was modified for costs not benefiting the station. The modified rate is 23.48 percent.

The value of this support for the years ended June 30, 2019 and June 30, 2018 was \$294,124 and \$294,782, 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 acquisition value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As an equivalent amount of expense is also recognized, there is no impact on net position. For both fiscal years ended June 30, 2019 and June 30, 2018, total contributed in-kind support was \$61,800.

**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 \$272,898 and \$306,490 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Note 8: Risk Management**

WVUT-TV 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, cyber crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a maximum stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$976,802 for the fiscal year 2018-19 and \$870,234 for the fiscal year 2017-18.

**Note 9: TIAA/CREF Pension Plan**

**Plan Description**

Through Vincennes University, eligible employees at WVUT-TV 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**

**WVUT-TV**  
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**Notes to Financial Statements**

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, which is included in the contributed support and expense allocation to WVUT-TV.

Additional Details of the plan can be found in the Vincennes University's Annual Financial Report, which can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.

**Note 10: Other Postemployment Benefits**

**Plan Description**

Through Vincennes University, eligible WVUT-TV 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. WVUT-TV's contribution is included in the contributed support and expense allocation from the University.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report, which is available on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.



## **WVUT-TV**

### **A Public Television Station Operated By Vincennes University**

#### **Notes to Financial Statements**

##### **Note 11 – Teachers’ Retirement Fund (TRF) Pension Plans**

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

Through the University, eligible WVUT-TV employees participate in the Indiana Public Retirement System (INPRS). TRF has two (2) cost-sharing multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by 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 Defined Benefit (DB) Account is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to teachers, administrators and certain INPRS employees. Administration of the account is generally in accordance with IC5-10.2, IC5-10.4, and 35 IAC 14. TRF Pre-'96 Defined Benefit is the employer-funded defined benefit component of the Teachers’ Hybrid Plan, and the Teachers’ Hybrid Members Defined Contribution Account is the other component.

Membership: Membership in TRF Pre-'96 DB is closed to new entrants. Membership 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. Generally, members hired before 1996 participate in TRF Pre-'96 DB, and members hired after 1995 participate in TRF '96 DB.

Contributions: Contributions are based on state statute and employers may pay all or part of the member contribution. 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. The Pre-1996 Account is funded primarily by State General Fund appropriations and state lottery proceeds. These contributions are paid directly to the pension plan and are used to provide pension benefits for members of the pension plan. As a non-employer contributing entity, the State of Indiana contributed \$922.1 million in fiscal year 2018 and \$871 million in fiscal year 2017 to TRF Pre-1996.

Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit funds) were recategorized as defined contribution (DC) funds. DC member balances previously reported within TRF Pre-'96 DB and TRF '96 DB fund totals were transferred to the appropriate DC fund as of January 1, 2018.

Members are required to contribute three percent of gross wages to their Defined Contribution Account. Employers have the option of making all or part of this contribution on behalf of the member in which Vincennes University elects to make the contribution. Members may also make voluntary contributions to the Defined Contribution Account up to an additional 10 percent of their wages, under certain limitations. WVUT-TV's contribution is included in the contributed support and expense allocation from the University.

## **WVUT-TV**

### **A Public Television Station Operated By Vincennes University**

#### **Notes to Financial Statements**

##### **Note 11 – Teachers' Retirement Fund (TRF) Pension Plans (continued)**

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

**Benefits:** TRF '96 DB is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4, and 35 IAC 14. TRF '96 DB is the employer-funded defined benefit component of the Teachers' Hybrid Plan, and the Teachers' Hybrid Members Defined Contribution Account (see Defined Contribution Funds section) is the other component.

**Membership:** Membership in TRF '96 DB 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 an alternate University plan not administered by INPRS. Membership in TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board, and teachers employed by special management teams as defined under IC 20-31.

**Contributions:** Employer contribution rates for the 1996 Account are determined annually by the INPRS Board based on recommendations by the INPRS actuary. 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. During fiscal year 2018, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$67,271 based on payroll totaling \$896,943. During fiscal year 2017, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$71,099 based on payroll totaling \$947,989.

Members are required to contribute three percent of gross wages to their Defined Contribution Account. Employers have the option of making all or part of this contribution on behalf of the member in which Vincennes University elects to make the contribution. Members may also make voluntary contributions to the Defined Contribution Account up to an additional 10 percent of their wages, under certain limitations. WVUT-TV's contribution is included in the contributed support and expense allocation from the University.

Additional details of the plans can be found in the Vincennes University's Annual Financial Report, which can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.

#### OTHER REPORTS

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