

**AUDIT REPORT  
OF  
WBAA-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
PURDUE UNIVERSITY  
TIPPECANOE COUNTY, INDIANA**

June 30, 2018

**WBAA-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
PURDUE UNIVERSITY**

**Table of Contents**

	<b>Page</b>
Schedule of Officials	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis (Unaudited)	4-11
Basic Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	15-25
Required Supplementary Information	26-27

**WBAA-AM/FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
PURDUE UNIVERSITY**

**SCHEDULE OF OFFICIALS**

**As of June 30, 2018**

Michael R. Berghoff, Chairman Board of Trustees

Mitchell E. Daniels Jr., President

William E. Sullivan, Treasurer and Chief Financial Officer

James S. Almond, Senior Vice-President and Assistant Treasurer

Richard D. Miles, General Manager – WBAA-AM/FM Radio Station

## **Independent Auditor's Report**

To the Officials  
WBAA-AM/FM Radio Station  
A Public Telecommunications Entity  
Operated by Purdue University

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WBAA-AM/FM Radio Station (the "Station"), a department of Purdue University, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise WBAA-AM/FM Radio Station's basic financial statements, as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WBAA-AM/FM Radio Station as of June 30, 2018 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 1 to the financial statements, as of July 1, 2016, the Station adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The Station's unrestricted net position has been restated as of July 1, 2017 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

To the Officials  
WBAA-AM/FM Radio Station

We draw attention to Note 1, which explains that these financial statements present only WBAA-AM/FM Radio Station, a department of Purdue University, and do not purport to, and do not, present fairly the financial position of Purdue University as of June 30, 2018, the changes in its financial position, and the changes in its cash flows thereof for the year 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 Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB system schedules of funding progress and employer contributions 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, which 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 supplemental 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.

*Plante & Moran, PLLC*

January 11, 2019

**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Management's Discussion and Analysis (Unaudited)**

**Introduction**

The following discussion and analysis provides an overview of the financial position of WBAA-AM/FM Radio Station (Station) of Purdue University (University), the financial activities of the past year, and a brief description of the financial statements produced herein. This discussion should be read in conjunction with the financial statements and the notes to the statements, which immediately follow this section.

The financial information presented in this report is designed to enable the user to review how the Station managed its resources to meet its primary missions of providing students with opportunities for hands-on training in radio broadcasting and providing listeners public radio programming in central Indiana and Illinois.

**Financial Highlights**

The Station's net position decreased by \$10,166 and \$116,934 for the fiscal years ended June 30, 2018, and 2017, respectively. The decrease in net position during 2018 is primarily due to a decrease in operating revenues. The decrease from fiscal year 2016 to fiscal year 2017 is due to a decrease in the Purdue University allocation for WBAA.

Net position has been restated at July 1, 2017 for the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") and is summarized as follows.

<b>Net Position at June 30, 2017</b>	\$	1,299,118
Adoption of GASB 75		<u>(10,789)</u>
<b>Net Position at July 1, 2017, (as Restated)</b>	\$	<u>1,288,329</u>

For purposes of management's discussion and analysis, comparative data for the statement of net position has been provided by reflecting the adoption of GASB 75 at July 1, 2017.

**Station Financial Statements**

*Use of the Financial Statements*

The primary purpose of financial reporting, whether for a commercial enterprise or for a university, is to provide information that will assist (1) management in the effective allocation and use of the organization's resources and (2) the general public, investors, creditors, and others in evaluating the effectiveness of management in achieving organizational objectives. The nature of the organization, its resources, and its objectives all serve to influence the form and process by which the accounting is accomplished and information reported.

The Station is a department of the University representing an identifiable activity for which the Corporation for Public Broadcasting requires separate financial statements. Accordingly, the Station's financial statements and notes to the financial statements reflect the financial position as of June 30, 2018, and the results of operations and statement of cash flows for the year then ended.

**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Management’s Discussion and Analysis (Unaudited)**

The Statement of Net Position provides a summary view of the assets, liabilities, and net position of the Station. Assets and liabilities are classified as either current or noncurrent. Current assets are available to meet the needs of the Station in the short term. Similarly, current liabilities are due and payable within the next fiscal year. The Statement of Revenues, Expenses, and Changes in Net Position, on the other hand, summarize the year-long financial process that caused the changes in year-end net position on the Statement of Net Position. Likewise, the Statement of Cash Flows provides reconciliation to beginning and ending balances of cash.

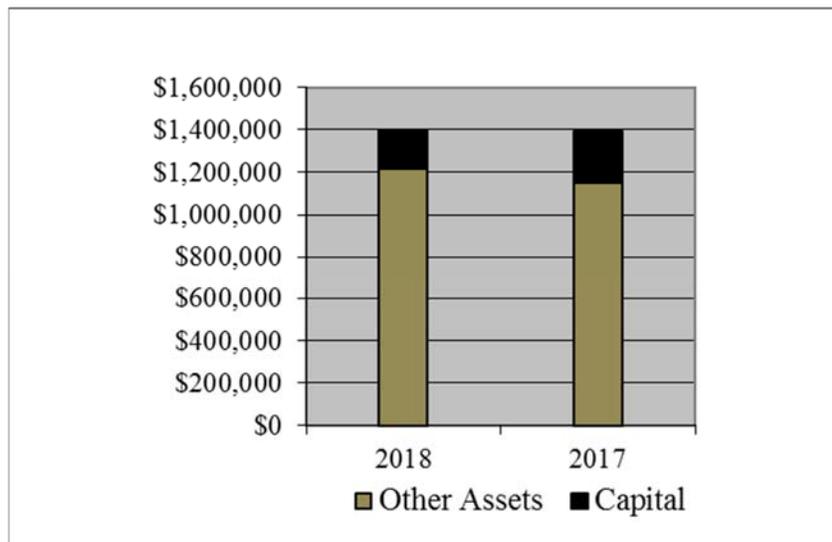
**Statement of Net Position**

Current assets include those that may be used to support current operations including cash and accounts receivable.

Noncurrent assets include capital assets and pledges due after June 30, 2018. Total assets were \$1,399,596 as of June 30, 2018 and \$1,391,439 of June 30, 2017. The reason for the increase in total assets of \$8,157 for fiscal year 2018 is due to an increase in cash from the station’s discretionary funds.

Figure 1 depicts the portion of total assets that were capital.

**Figure 1**



Current liabilities are expected to become due and payable over the course of the following fiscal year. These primarily include accrued compensated absences, accounts payable, and accrued salaries and wages. Total liabilities were \$130,840 as of June 30, 2018 and \$101,183 of June 30, 2017. Total liabilities for fiscal year 2018 increased by \$29,657 due to an increase in accounts payable and accrued compensated absences.

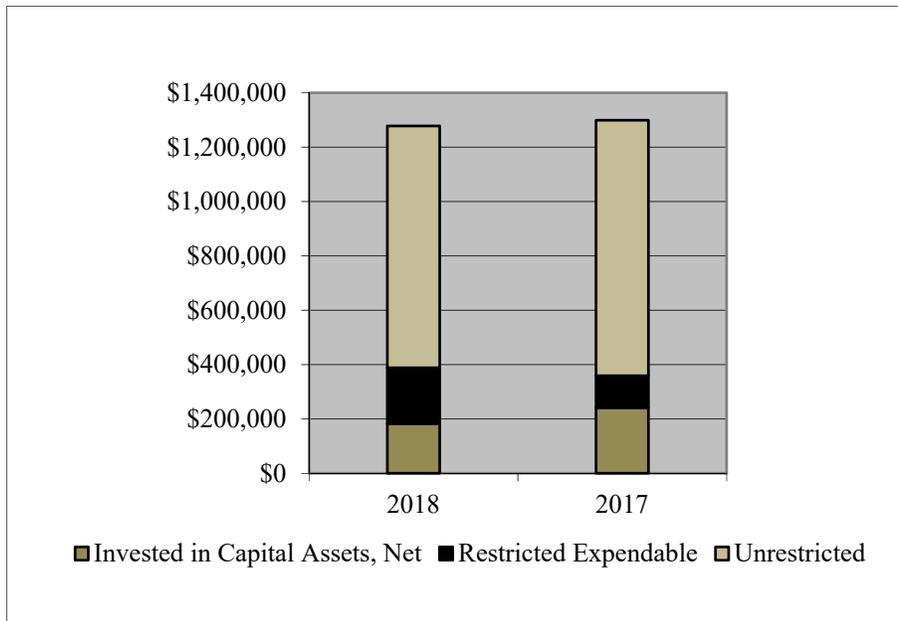
**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Management’s Discussion and Analysis (Unaudited)**

Net position of the Station represents the excess of assets over liabilities. Net position is classified into three categories: net investment in capital assets, restricted expendable, and unrestricted. Net investment in capital assets represents the Station’s net investment in capital assets such as movable equipment subject to the University’s policies on capitalization, net of accumulated depreciation. Restricted expendable represents net position which has purpose restrictions imposed by third parties. Examples include contract and grant funds. Unrestricted net positions do not have third-party restrictions, although management has designated these funds for a particular purpose. Figure 2 shows the composition of net position.

**Figure 2**



**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Management's Discussion and Analysis (Unaudited)**

A summarization of the Station's assets, liabilities, and net position appears in Table 1.

**Table 1*****Summary Statement of Net Position***

	<b>2018</b>	<b>2017</b>
Current assets	\$ 1,216,495	\$ 1,149,645
Capital assets	182,701	241,554
Other noncurrent assets	400	240
<b>Total assets</b>	<b>1,399,596</b>	<b>1,391,439</b>
Deferred outflows of resources	16,260	17,284
Current liabilities	56,130	34,575
Noncurrent liabilities	74,710	66,608
<b>Total liabilities</b>	<b>130,840</b>	<b>101,183</b>
Deferred inflows of resources	6,853	8,422
Invested in capital assets - Net	182,701	241,554
Restricted - expendable	205,614	117,536
Unrestricted	889,848	940,028
<b>Total Net Position</b>	<b>\$ 1,278,163</b>	<b>\$ 1,299,118</b>

***Statement of Revenues, Expenses, and Changes in Net Position***

A review of the Statement of Revenues, Expenses, and Changes in Net Position provides information regarding the extent to which the results of operations and nonoperating revenues over the course of the fiscal year affect the net position of the Station.

Revenue is classified as either operating or nonoperating. Operating revenues includes sales and services, rental income, and grant income.

**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Management's Discussion and Analysis (Unaudited)**

A summary of the Statement of Revenues, Expenses, and Changes in Net Position follows:

**Table 2**

<i>Summary of Revenue, Expenses, and Changes in Net Position</i>		
	<b>2018</b>	<b>2017</b>
Operating Revenue		
Grants	\$ 147,194	\$ 166,425
Other operating revenue	300,402	291,229
Total operating revenue	447,596	457,654
Operating Expenses		
Compensation and benefits	695,943	747,500
Supplies and services	791,647	820,477
Depreciation	58,853	62,284
Total operating expenses	1,546,443	1,630,261
Operating Loss	(1,098,847)	(1,172,607)
Nonoperating Revenue		
University Support	631,058	586,483
Other nonoperating revenue	457,623	469,190
Total nonoperating revenue	1,088,681	1,055,673
(Decrease) in Net Position	(10,166)	(116,934)
Net Position, beginning of year	1,299,118	1,416,052
Adoption of GASB 75	(10,789)	-
Net Position, beginning of year (as Restated)	1,288,329	1,416,052
<b>Net Position, End of Year</b>	<b>\$ 1,278,163</b>	<b>\$ 1,299,118</b>

The impact of the adoption of GASB 75 has been reflected at the beginning of fiscal year 2018, or as of July 1, 2017. Therefore, the statement of revenues, expenses, and changes in net position presented above for the year ended June 30, 2017 does not reflect this item.

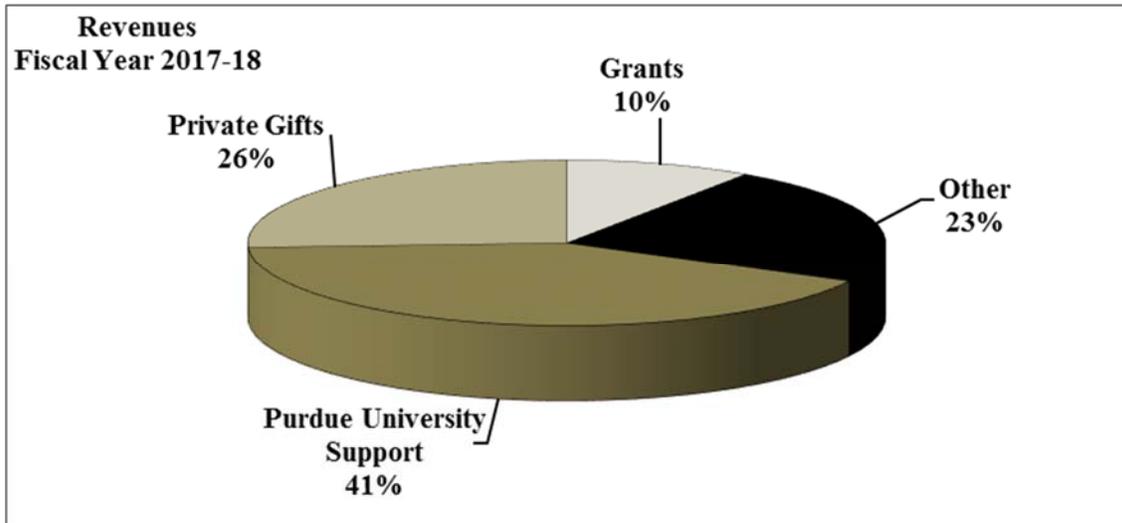
**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

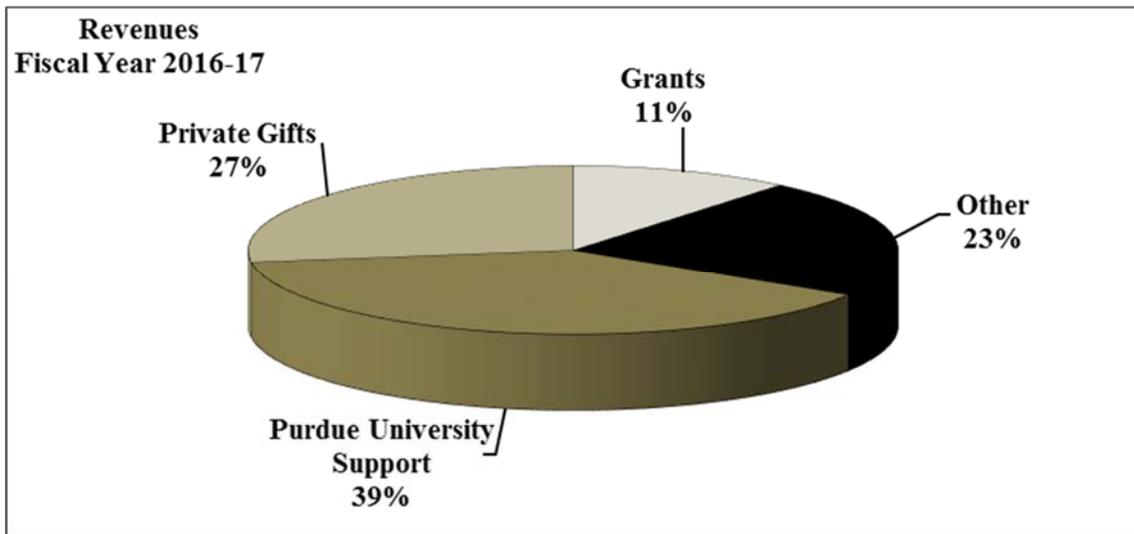
**Management's Discussion and Analysis (Unaudited)**

Revenues from all sources for the years ended June 30, 2018 and 2017 respectively are shown in Figure 3 and Figure 4.

**Figure 3**



**Figure 4**



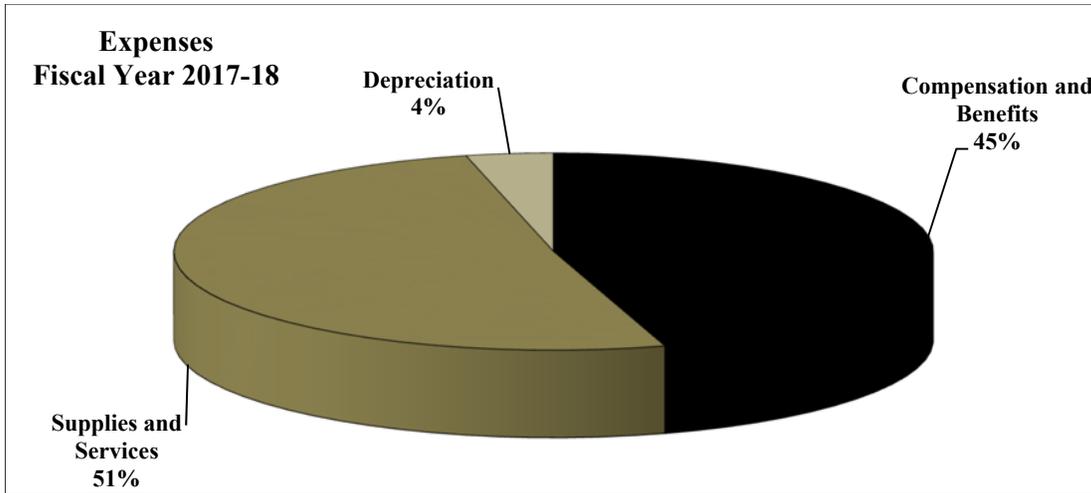
**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

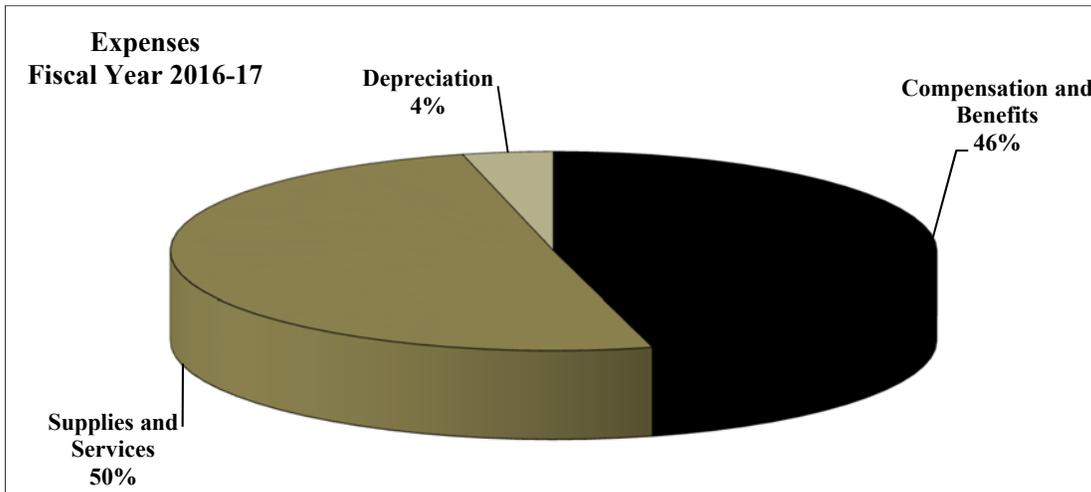
**Management's Discussion and Analysis (Unaudited)**

Operating expenses include compensation and benefits, supplies and services, and depreciation. The Station's operating expenses totaled \$1,546,443 and \$1,630,261 for the years ended June 30, 2018 and 2017, respectively. Operating expenses for the fiscal year ended June 30, 2018 decreased \$83,818 primarily due to a decrease in compensation and benefits and supplies and services. Figure 5 and Figure 6 depicts the composition of total expenses for the fiscal years ended June 30, 2018 and 2017, respectively.

**Figure 5**



**Figure 6**



**WBAA-AM/FM RADIO STATION**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Management's Discussion and Analysis (Unaudited)**

*Statement of Cash Flows*

The Statement of Cash Flows presents sources and uses of cash throughout the fiscal year. These activities are presented in three categories: operating, noncapital financing, and capital. Net increases or decreases in cash provide reconciliation to beginning and ending balances as presented in the Statement of Net Position. This statement also provides an indication of the extent to which operating activities provided or used cash. Table 3 provides a summary of the Station's sources, uses, and changes in cash:

**Table 3**

*Summarized Comparison of Changes in Cash*

	<b>2018</b>	<b>2017</b>
Cash Used by Operating Activities	\$ (396,802)	\$ (527,437)
Cash Provided by Noncapital Financing Activities	600,015	230,035
Cash Used by Capital Activities	-	(5,331)
Net Increase (Decrease) in Cash	203,213	(302,733)
Cash, Beginning of Year	277,743	580,476
Cash, End of Year	\$ 480,956	\$ 277,743

**Economic Factors That Will Affect the Future of the Station**

Funding for the Station comes from four major sources: the University, private gifts, underwriting, and grants and contracts. Of these funding sources, private gifts and underwriting represent the largest potential for future growth.

The Station engages in ongoing efforts to raise funds from both listener donations and underwriting.

*Particular attention should be given to the Notes to the Financial Statements that are an integral part of the financial statements.*

**WBAA-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Statement of Net Position**

	<u>As of June 30, 2018</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 480,956
Accounts receivable - Net	35,589
Pledges Receivable - Net	9,341
Prepaid expenses	36,003
Funds held in trust by others	<u>654,606</u>
<b>Total Current Assets</b>	<b>1,216,495</b>
<b>Noncurrent Assets</b>	
Pledges receivable - Net	400
Capital assets - Net	<u>182,701</u>
<b>Net Noncurrent Assets</b>	<b><u>183,101</u></b>
<b>Total Assets</b>	<b>1,399,596</b>
<b>Deferred Outflow related to Defined Benefit Pension</b>	<b>13,956</b>
<b>Deferred Outflow related to Other Post Employment Benefits</b>	<b>2,304</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	22,716
Unearned revenue	820
Accrued salaries and wages	1,897
Accrued compensated absences	28,393
OPEB liability	<u>2,304</u>
<b>Total Current Liabilities</b>	<b>56,130</b>
<b>Noncurrent Liabilities</b>	
Accrued compensated absences	18,374
OPEB liability - net of current portion	26,063
Net Pension liability	<u>30,273</u>
<b>Total Noncurrent liabilities</b>	<b>74,710</b>
<b>Total Liabilities</b>	<b>130,840</b>
<b>Deferred Inflow related to Defined Benefit Pension</b>	<b>5,816</b>
<b>Deferred Inflow related to Other Post Employment Benefits</b>	<b>1,037</b>
<b>Net Position</b>	
Invested in capital assets - Net	182,701
Restricted - expendable	205,614
Unrestricted	<u>889,848</u>
<b>Total Net Position</b>	<b><u>\$ 1,278,163</u></b>

See Accompanying Notes to the Financial Statement

**WBAA-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Statement of Revenues, Expenses, and Changes in Net Position**

	<b>For the Year Ended June 30, 2018</b>
<b>Operating Revenue</b>	
Grants	\$ 147,194
Rental income	19,789
Sales and services	266,313
Other Operating Revenue	<u>14,300</u>
<b>Total Operating Revenues</b>	<b>447,596</b>
<b>Operating Expenses</b>	
Compensation and benefits	695,943
Supplies and services	791,647
Depreciation	<u>58,853</u>
<b>Total Operating Expenses</b>	<b>1,546,443</b>
<b>Total Operating Loss</b>	<b>(1,098,847)</b>
<b>Nonoperating Revenue</b>	
State appropriations	56,583
Purdue University allocation	467,856
Indirect support	163,202
Private gifts	<u>401,040</u>
<b>Total Nonoperating Revenue</b>	<b>1,088,681</b>
<b>(Decrease) in Net Position</b>	<b>(10,166)</b>
<b>Net Position, Beginning of Year</b>	<b>1,299,118</b>
Adoption of GASB 75	<u>(10,789)</u>
<b>Net Position, Beginning of Year (as Restated)</b>	<b><u>1,288,329</u></b>
<b>Net Position, End of Year</b>	<b><u><u>\$ 1,278,163</u></u></b>

See Accompanying Notes to the Financial Statements

**WBAA-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Statement of Cash Flows**

**For the Year Ended  
June 30, 2018**

<b>Cash Flows by Operating Activities</b>	
Grants	\$ 147,194
Rental income	19,725
Sales and services	260,433
Other Operating Revenues	14,300
Compensation and benefits	(263,696)
Supplies and services	(574,758)
<b>Cash Used by Operating Activities</b>	<b>(396,802)</b>
<b>Cash Flows by Noncapital Financing Activities</b>	
State appropriations	56,583
Gifts for other than capital purposes	543,432
<b>Cash Provided by Noncapital Financing Activities</b>	<b>600,015</b>
<b>Net Increase in Cash</b>	<b>203,213</b>
<b>Cash - Beginning of Year</b>	<b>277,743</b>
<b>Cash - End of Year</b>	<b>\$ 480,956</b>
<b>Reconciliation of Total Operating Loss to Cash Used by Operating Activities</b>	
Total Operating Loss	\$ (1,098,847)
Depreciation expense	58,853
University allocation for operating expenses	467,856
Indirect costs	163,202
<b>Changes in Assets and Liabilities</b>	
Accounts receivable	(135)
Prepaid expenses	(24,706)
Funds held in trust by others	18,653
Accounts payable	17,951
Unearned revenue	(5,811)
Accrued salaries and wages	(2,859)
OPEB payable	(6,159)
Net pension liability	4,252
Deferred inflows/outflows	(71)
Accrued compensated absences	11,019
<b>Cash Used by Operating Activities</b>	<b>\$ (396,802)</b>

See Accompanying Notes to the Financial Statements

**WBAA-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Notes to the Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization.** WBAA-AM/FM Radio Station (Station) is a department of Purdue University (University) providing students with opportunities for hands-on training in radio broadcasting and providing public radio programming to listeners in central Indiana and Illinois. The Station does not have legal status or existence. The financial position, revenues, and expenses of the Station are included in the financial statements of Purdue University.

**Basis of Presentation.** The financial statements of the Station have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35 *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB and in accordance with financial reporting policies established by the University. For financial reporting purposes, the Station reports as a Business-type Activity (BTA). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

During 2018, the Station adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). This statement supersedes GASB Statement No. 45 and establishes new requirements for calculating and reporting the Station’s postemployment benefits. The adoption of GASB 75 has been reflected as of the beginning of the earliest period presented in the financial statements, resulting in an increase in obligations for post-employment benefits and a decrease in unrestricted net position, net of the OPEB liability and related deferred outflows as of July 1, 2017, of \$10,789.

Net position as of July 1, 2017 was restated for the effects of the adoption of GASB 75 as follows:

	<b>June 30, 2017</b>		<b>July 1, 2017</b>
	<b>As Previously</b>	<b>GASB 75 Adoption</b>	<b>As Restated</b>
	<b>Reported</b>		
Current assets	\$ 1,149,645	\$ -	\$ 1,149,645
Capital assets	241,554	-	241,554
Other noncurrent assets	240	-	240
<b>Total assets</b>	<b>1,391,439</b>	<b>-</b>	<b>1,391,439</b>
Deferred outflows of resources	17,284	1,821	19,105
<b>Total assets and deferred outflows of resources</b>	<b>1,408,723</b>	<b>1,821</b>	<b>1,410,544</b>
Current liabilities	34,575	1,821	36,396
Noncurrent liabilities	66,608	9,442	76,050
<b>Total liabilities</b>	<b>101,183</b>	<b>11,263</b>	<b>112,446</b>
Deferred inflows of resources	8,422	1,347	9,769
<b>Total liabilities and deferred inflows of resources</b>	<b>109,605</b>	<b>12,610</b>	<b>122,215</b>
<b>Net Position</b>	<b>\$ 1,299,118</b>	<b>\$ (10,789)</b>	<b>\$ 1,288,329</b>

**Basis of Accounting.** The financial statements of the Station have been prepared on the accrual basis of accounting and using the economic resources measurement focus.

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Cash and Cash Equivalents.** The amounts reflected in the accompanying statement of net position represent the amounts in the University's pooled cash and investments allocable to the Station. The University invests and manages cash collectively by pooling cash reserves, including cash of the Station. Federal depository insurance covered \$250,000 of demand deposits and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories. A portion of the Station's cash is deposited in interest-bearing accounts.

**Accounts Receivable.** Accounts receivable are shown net of an allowance for doubtful accounts. The amount of the allowance was \$726 as of June 30, 2018. Also included in accounts receivable, are certain unbilled amounts totaling \$8,125 at June 30, 2018 related to underwriting contracts with third parties. These contracts begin and end in consecutive fiscal years, with billing occurring at the end of the contract term.

**Pledges Receivable.** Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable does not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. Pledges, net of an allowance of \$2,435 total \$9,741 as of June 30, 2018. The allowance for uncollectible pledges is calculated based on the University's experience.

**Prepaid Expenses.** Prepaid expenses are payments that have been made for a service as of the end of the fiscal year, but the benefit derived from those services will not be received until a later accounting period. These include leases, maintenance agreements, dues, and fees.

**Capital Assets.** Capital assets are stated at cost or fair market value at date of gift. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

Property Class	Threshold	Useful Life
Land	\$100,000	Not depreciated
Land Improvements	\$100,000	5-25 years
Infrastructure	\$100,000	5-25 years
Buildings and Related Components	\$100,000	10-50 years
Moveable Equipment (including fabricated equipment)	\$5,000	More than one year
Intangible Assets (software)	\$500,000	7 years

**Pensions.** For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Station's defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the Network to the plan. Benefit payments, including refunds of employee contributions, are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Postemployment Benefits Other Than Pensions.** For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Station's defined benefit plan was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the Network to the plan. Benefit payments, including refunds of employee contributions, are recognized as expense when due and payable in accordance with the benefit terms.

**Deferred Outflows of Resources.** In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The deferred outflows of resources relate to the net pension liability and the net OPEB liability; see the notes to the financial statements for more information.

**Deferred Inflows of Resources.** In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the net pension liability and the net OPEB liability; see the notes to the financial statements for more information.

**Net Position.** Station resources are classified for accounting and financial reporting purposes into the following net asset categories:

- *Net Investment in Capital Assets* – Resources resulting from capital acquisition or construction, net of accumulated depreciation.
- *Restricted Expendable* – Funds subject to externally imposed stipulations as to use. These funds are restricted to use for the benefit of the Station according to grant and donor restrictions.
- *Unrestricted* – Net position which is available for use of the Station.

**Operating and Nonoperating Revenues.** Revenue is classified as either operating or nonoperating according to standards issued by GASB. Operating revenues includes grants, rent, and underwriting. Nonoperating revenues includes gifts and University allocations.

**Restricted and Unrestricted Resources.** When both restricted and unrestricted resources are available for a particular expenditure, the Station may select the most appropriate fund source based on individual facts and circumstances. The University, as a matter of policy, does not require funds to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the fund source selected.

**Taxes.** The Internal Revenue Service has ruled that the units of Purdue University, which include the Station, are exempt under Code Sections 115 (a) and 501c (3), and are not "private foundations" under the Tax Reform Act of 1969.

**Use of Estimates.** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amount of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Notes to the Financial Statements  
For the Year Ended June 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Noncash Support.** Occasionally, the Station receives in-kind contributions of donated programs or promotional items. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University’s policies on capitalization. In 2017-18, noncash support was not received by the Station.

**Trade Underwriting Agreements.** Occasionally, the Station receives goods and/or services “in trade” for on-air underwriting credits. The Corporation for Public Broadcasting considers these transactions to be contributions. These agreements are recognized in the Statement of Revenues, Expenses, and Changes in Net Position as an increase of \$9,288 to both Sales and Services revenue and Supplies and Services expense as of June 30, 2018.

**Subsequent Events.** Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments or disclosures to the consolidated financial statements for the year ended June 30, 2018. Management has determined that no subsequent events have occurred.

**NOTE 2 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is summarized below:

<b>Capital Assets Activity</b>	<b>Balance July 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
<b>Total, Capital Assets, Not Being Depreciated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Assets, Being Depreciated:</b>				
Asset Class 154140 - Buildings	530,175	-	-	530,175
Asset Class 154530 - Furniture	6,475	-	6,475	-
Asset Class 154540 - Office Machines	6,100	-	-	6,100
Asset Class 154550 - Scientific/Lab Equipment	362,269	-	-	362,269
Asset Class 154560 - Computer Equipment	98,679	-	-	98,679
Asset Class 154600 - AV/Photo Equipment	147,788	-	7,673	140,115
Asset Class 154620 - Other Equipment	137,915	-	-	137,915
<b>Total, Capital Assets, Being Depreciated</b>	<b>1,289,401</b>	<b>-</b>	<b>14,148</b>	<b>1,275,253</b>
<b>Less Accumulated Depreciation:</b>				
Asset Class 154140 - Buildings	335,989	32,848	-	368,837
Asset Class 154530 - Furniture	6,475	-	6,475	-
Asset Class 154540 - Office Machines	6,100	-	-	6,100
Asset Class 154550 - Scientific/Lab Equipment	316,917	23,703	-	340,620
Asset Class 154560 - Computer Equipment	97,009	1,114	-	98,122
Asset Class 154600 - AV/Photo Equipment	150,042	611	7,673	142,980
Asset Class 154620 - Other Equipment	135,314	577	-	135,892
<b>Total Accumulated Depreciation</b>	<b>1,047,847</b>	<b>58,853</b>	<b>14,148</b>	<b>1,092,552</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 241,554</b>	<b>\$ (58,853)</b>	<b>\$ -</b>	<b>\$ 182,701</b>

**NOTE 3 – FUNDS HELD IN TRUST BY OTHERS**

Listener donations are made to an affiliated organization on behalf of the Station. These funds are then held in trust for the Station to use at their discretion or according to the donor's wishes.

**NOTE 4 – OTHER DEBT INFORMATION**

**Other Post-Employment Benefits (OPEB).** Purdue University administers a single-employer OPEB plan, known as the Pre-65 Retiree Health Plan, used to provide postemployment benefits other than pensions for official retirees who were formerly permanent full-time general employees. Plan authority is outlined in Purdue HR Policy VI.A.1, and governed by the Purdue University Board of Trustees. Assets for payment of benefits related to this plan are not accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

The University offers medical insurance for official retirees and their dependents. Participants may continue to receive benefits until they reach the age of 65. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible for official retirement status. Prior to July 1, 2014, the official retirement policy was retirees who are age 55 or older, whose age and years of service are equal to or greater than 70 and have at least 10 years of service. Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. Early retirees enjoy the benefit of a lower insurance cost due to continued participation in the University plan, which creates an implicit rate subsidy.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional benefits may be extended. Prior to January 1, 2013, the program included retirement benefit payments, and medical and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013 or after, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare, or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

At June 30, 2018, the Station plan membership consisted of 10 active members. The amount Purdue University allocated to the Station is based on the Station's salaries and wages as a percentage of Purdue University's salaries and wages. At June 30, 2018, the Stations proportionate OPEB liability of approximately 0.06%, or \$28,367, as of June 30, 2018 and was determined with measurement/experience dates of July 1, 2017 done in accordance with GASB Statement No. 75. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**NOTE 4 – OTHER DEBT INFORMATION (CONTINUED)**

Actuarial assumptions:	
Inflation	2.50%
Projected salary increases	3.00%
Discount rate	3.58% as of July 1, 2017; 2.85% as of July 1, 2016
Health care cost trend rate:	
Medical & Prescription Drug	7.25% graded to 4.50% over 11 years
Vision	3%
Administrative Costs	3%
Mortality Rates	As prescribed under IRS Regulations 1.431 ©(6)-1 and 1.430 (h)(3)-1, using static tables with separate tables for annuitants and nonannuitants (RP-2000 tables projected forward to the valuation year plus 7 years for annuitants and 15 years for nonannuitants).

The actuarial cost method is entry age normal (Level Percent of Payroll) cost. Because Purdue University is not prefunding the OPEB benefits, the discount rates used in the valuation for financial disclosure purposes are based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Total OPEB Liability (dollars in thousands):**

<b>Balance at July 1, 2017</b>	<b>\$</b>	<b>34,526</b>
Changes for Year:		
Service Cost		6,954
Interest		4,074
Change of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		(1,170)
Benefit payments, including refunds of member contributions		(16,017)
Net change in Total OPEB Liability		<u>(6,159)</u>
<b>Balance at June 30, 2018</b>	<b>\$</b>	<b><u>28,367</u></b>

Changes of assumptions reflect an increase in the discount rate from 2.85% to 3.58%.

**Sensitivity Analysis.** OPEB liability is sensitive to both changes in the discount rate and the healthcare cost trend rates. The following presents the Total OPEB Liability of the University as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current discount rate. Also shown is the Total OPEB Liability if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates.

	1% Increase in Discount Rate	Current Discount Rate	1% Decrease in Discount Rate
	4.58%	3.58%	2.58%
Total OPEB Liability	\$26,863	\$28,367	\$30,026
	1% Increase in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Decrease in Health Care Cost Trend Rates
Total OPEB Liability	\$30,503	\$28,367	\$26,505

**NOTE 4 – OTHER DEBT INFORMATION (CONTINUED)**

**OPEB Expense, Deferred Outflows, and Deferred Inflows of Resources related to OPEB.** For the year ended June 30, 2018, the Station recognized OPEB expense of approximately \$10,871. At June 30, 2018, the Station reported Deferred Outflows of Resources of \$2,304 related to contributions made after the measurement date and Deferred Inflows of Resources in the amount of approximately \$1,037 related to changes of assumptions.

The deferred inflows of resources will be recognized in future years' OPEB expense as follows:

Year Ended June 30,	
2019	\$ (157)
2020	(157)
2021	(157)
2022	(157)
2023	(157)
Thereafter	(251)
	\$ 1,037

**NOTE 5 – RETIREMENT PLANS**

**Faculty and Administrative/Professional Staff.** Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans. For the year ended June 30, 2018, there were 8 employees participating in the plan with annual pay equal to approximately \$411,206. For the year ended June 30, 2018, the Station made contributions totaling approximately \$24,006, to the plan.

**Clerical, Service, and Operations/Technical Assistants.** Clerical, service, and operations/technical assistants hired on or after September 9, 2013 and employed at least half-time participate in the non-exempt employees' defined contribution plan. Benefits eligible employees in this category participate immediately upon date of employment. The Station provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three year vesting period for this employee group, and there is not a material forfeiture balance at this time. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched. For the year ended June 30, 2018, there was just one employee participating in the plan with annual pay equal to approximately \$33,756. For the year ended June 30, 2018, the Station made base contributions totaling approximately \$1,315, and matching contributions totaling approximately \$329 to the plan.

**NOTE 5 – RETIREMENT PLANS (CONTINUED)**

**Defined Benefit Plans**

Certain employees of the Station participate in defined benefit plans administered by other agencies.

**Public Employees Retirement Fund.** Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the state of Indiana.

As of June 30, 2018, the Station had only one employee participating in PERF. The Net Pension Liability, Deferred Outflow, and Deferred Inflow related to Defined Benefit Pension are all presented in the Station's financial statements for this one employee as required by GASB Statement No. 68. This note and required RSI are presented for the plan as it relates to Purdue University as a whole.

PERF, as part of the implementation of GASB 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.1-1-11(b).

PERF was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. The PERF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. The monthly pension benefits for members in pay status may be increased periodically for cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The required contributions are determined by INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. For the years ended June 30, 2018 the Station was required to contribute 11.2% of the employee's salary. The employee contribution to the Annuity Savings Account in the amount of 3% of the employee's salary is being made by the Station on behalf of the employee.

The financial statements of INPRS, including PERF, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting [www.in.gov/inprs/annualreports.htm](http://www.in.gov/inprs/annualreports.htm).

**NOTE 5 – RETIREMENT PLANS (CONTINUED)**

The Station's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately \$39,752 was 1.76758% for the measurement date June 30, 2017, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately \$30,273 as of June 30, 2018.

The Station made contributions to the plan totaling approximately \$4,304 for the year ended June 30, 2018. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately \$4,363 for the year ended June 30, 2018. The proportionate share of pension plan expense for the year ended June 30, 2018 as calculated under GASB 68 guidance was approximately \$5,984, less net amortization of deferred amounts of approximately \$1,491, leaving a net pension expense of approximately \$4,493.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow. The valuation date for assets was June 30, 2017, and the valuation date for liabilities was June 30, 2016, with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2017. The amortization method and period are Level Dollar Closed over 30 years. The actuarial cost method is entry age normal (Level Percent of Payroll) cost. The employer required contribution is determined using an asset smoothing method. The actuarial assumptions include a 6.75% investment rate of return (net of administrative expenses), inflation rate of 2.25% per year, projected salary increases of 2.5% - 4.25% per year, and 1% per year cost of living adjustments, all based on the period of 4 years ended June 30, 2014, the most recent study date. Mortality rates were based on the 2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006.

The long-term return expectation has been determined by 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 and 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.

**FY18 ASSET CLASS TABLE:**

	<b>Target Asset Allocation</b>	<b>Geometric Basis Long-Term Expected Real Rate of Return</b>
Public Equity	22.0%	4.9%
Private Equity	14.0%	5.7%
Fixed Income - Ex Inflation-Linked	20.0%	2.3%
Fixed Income - Inflation-Linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real Estate	7.0%	3.7%
Absolute Return	10.0%	3.9%
Risk Parity	12.0%	5.1%

**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Notes to the Financial Statements  
For the Year Ended June 30, 2018****NOTE 5 – RETIREMENT PLANS (CONTINUED)**

Total pension liability was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

<b>FY18 Sensitivity Analysis</b>			
	<b>1% Decrease (5.75%)</b>	<b>Current (6.75%)</b>	<b>1% Increase (7.75%)</b>
\$	43,479	\$ 30,273	\$ 18,736

**Summary of Deferred Outflows and Inflows of Resources**

	<b>As of June 30, 2018</b>	
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ 575	\$ 23
Net difference between projected and actual investment earnings on pension plan investments	4,788	1,518
Change of assumptions	486	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,744	4,275
Contribution made after the measurement date	4,363	-
<b>Total Deferred Outflows and Inflows</b>	<b>\$ 13,956</b>	<b>\$ 5,816</b>

The deferred outflows and inflows of resources, excluding the contribution made after the measurement date of \$4,363, are required to be amortized over either a 4.5 or 5 year life, depending upon the nature of the item. Amortization of these items by plan year is presented in the following table (dollars in thousands):

<b>Amortization of Net Deferred Outflows/Inflows of Resources</b>	
2018	\$ 1,178
2019	2,081
2020	681
2021	(163)
<b>Total</b>	<b>\$ 3,777</b>

**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Notes to the Financial Statements  
For the Year Ended June 30, 2018****NOTE 6 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the fiscal year ended June 30, 2018, is summarized below:

*Operating Expenses by Function for the Year Ended June 30, 2018*

	Compensation and Benefits	Supplies and Services	Depreciation	Total
Extension and public service	\$ 497,275	\$ 663,679	\$ -	\$ 1,160,954
General institutional services	(5,374)	-	-	(5,374)
Auxiliary enterprises	204,042	127,968	-	332,010
Depreciation	-	-	58,853	58,853
<b>Total</b>	<b>\$ 695,943</b>	<b>\$ 791,647</b>	<b>\$ 58,853</b>	<b>\$ 1,546,443</b>

**NOTE 7 – COMPENSATED ABSENCES**

University faculty, administrative, and professional (exempt) employees earn vacation and sick leave on a monthly basis. Clerical and service employees earn vacation and sick leave on a bi-weekly basis.

Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, vacation is payable upon termination.

Exempt staff sick leave is awarded to a maximum of three months at full pay and three months at three-quarter pay each year (and not carried forward to the next year) and any unused sick leave is not payable upon termination. Clerical and service staff may accumulate sick leave hours with no limit. Upon termination and if the employee qualifies as an official retiree, twenty-five percent of all accrued, unused sick leave up to and including 520 hours and 100% of all accrued, unused sick leave that exceeds 520 hours are paid.

The compensated absences liability is calculated based on the pay rates in effect as of the balance sheet date. For clerical and service staff, the liability is calculated using actual vacation hours earned as of the balance sheet date. For exempt staff, the liability is calculated using actual vacation hours earned as of the balance sheet date.

**WBAA-AM/FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY**

**Required Supplementary Information**  
**For the Year Ended June 30, 2018**

**SCHEDULE OF CHANGES IN WBAA'S**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**

*(Dollar amounts in Thousands)*

**June 30,**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 6,954
Interest	4,074
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,170)
Benefit payments, including refunds of member contributions	<u>(16,017)</u>
<b>Net Change in Total OPEB Liability</b>	<b>(6,159)</b>
<b>Total OPEB Liability - beginning</b>	<b><u>34,526</u></b>
<b>Total OPEB Liability - ending</b>	<b><u>\$ 28,367</u></b>
Covered payroll	\$ 484,714
Plan total OPEB Liability as a percentage of covered payroll	5.85%

**Notes to Schedule:**

Changes of assumptions reflect the effects of changes in the discount rate.

The following are the discount rates used in each period:

July 1, 2017	3.58%
July 1, 2016	2.58%

**WBAA-AM/FM RADIO STATION****A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Required Supplementary Information  
For the Year Ended June 30, 2018****Required Supplementary Information****SCHEDULE OF WBAA-AM/FM SHARE OF THE NET PENSION LIABILITY  
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)***(Dollar Amounts in Thousands)***June 30,**

	2017*	2016*	2015*	2014*	2013*
Proportion of the Net Pension Liability	1.8%	1.8%	2.5%	0.0%	0.0%
Proportionate Share of the Net Pension Liability	\$ 30,273	\$ 26,021	\$ 29,955	\$ 18,735	\$ 22,168
Covered-employee payroll	\$ 33,663	\$ 27,478	\$ 35,228	\$ 34,807	\$ 31,074
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	89.9%	94.7%	84.8%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	76.6%	75.3%	77.3%	84.3%	78.8%

**SCHEDULE OF WBAA-AM/FM CONTRIBUTIONS  
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)***(Dollar Amounts in Thousands)***June 30,**

	2017*	2016*	2015*	2014*	2013*
Contractually required contribution	\$ 3,770	\$ 3,078	\$ 3,939	\$ 3,900	\$ 2,987
Contributions in relation to the contractually required contribution	\$ 3,770	\$ 3,078	\$ 3,939	\$ 3,900	\$ 2,987
Contribution deficiency	-	-	-	-	-
Covered-employee payroll	\$ 33,663	\$ 27,478	\$ 35,228	\$ 34,807	\$ 31,074
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	9.6%

*\*Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2018 Purdue reported amounts based on INPRS FY2017 report.*