November 22, 2019

To Mr. William E. Sullivan,

e Treasurer and Chief Financial Officer

Purdue University

We have audited the financial statements of WBAA-AM/FM Radio Station (the “Station”) as of and for the year ended June 30, 2019 and have issued our report thereon dated November 22, 2019. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Upcoming Accounting Pronouncements

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to you.

Section II presents upcoming accounting pronouncements that may have an impact on the Station.

We would like to take this opportunity to thank the staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This information is intended solely for the use of WBAA-AM/FM Radio Station and is not intended to be and should not be used by anyone other than this specified party.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Steven J. Bishop, CPA
Partner
Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, as extended through amendment 4 dated October 7, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Station. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated October 7, 2019.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Station are described in Note 1 to the financial statements. The Station changed accounting policies related to Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The accounting policies did not have a significant impact on the financial statements and, therefore, are not disclosed.

We noted no transactions entered into by the Station during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were related to the net pension liability based on the Station’s allocation of the overall net pension liability, as included in the Indiana Public Retirement System financial statements, and the university net OPEB liability. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Station, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Station's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 22, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Station's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Section II - Upcoming Accounting Pronouncements

Revenue and Expense Recognition (Invitation to Comment) - In January 2018, the GASB issued an invitation to comment, titled Revenue and Expense Recognition, which led to redeliberations in June 2018. Since August 2018, the board has been considering analysis of multiple revenue and expense transactions in order to identify characteristics that could inform definitions needed for model development. That exploratory work concluded in January 2019. The board is currently considering issues related to categorization concepts. The overall project is to develop a comprehensive revenue and expense model because of the following:

- Existing guidance for exchange revenue and expense transactions is limited, resulting in inconsistent reporting of information by governments.
- Existing guidance for nonexchange revenue and expense transactions, though generally effective, could be clarified and improved.
- Other accounting standards setters are considering or implementing a “performance obligation” approach for revenue recognition.
- A comprehensive model is expected to result in more robust, principles-based guidance for addressing a wide range of transactions that will improve comparability and provide more useful information.

The project is still in the initial stages, but introduces two options: one model similar to current practices and the other model similar to the Financial Accounting Standards Board’s revenue recognition model with performance obligations. Stay tuned.

Other GASB Projects - The GASB is reviewing other topics that include financial reporting models; public-private partnerships, including re-examination of Statement 60; conduit debt re-examination of Interpretation 2; and information technology arrangements, including cloud computing.