



Report of Independent Auditors and  
Financial Statements with  
Supplementary Information

**KNAU Radio**  
**(A Public Telecommunications Entity of  
Northern Arizona University)**

June 30, 2024 and 2023

## Table of Contents

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	Page
<b>Report of Independent Auditors</b>	1
<b>Management's Discussion and Analysis</b>	5
<b>Financial Statements</b>	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of Net Pension Liability – Last 10 Fiscal Years	26
Schedule of Defined Benefit Plan Contributions – Last 10 Fiscal Years	27
<b>Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	28

## Report of Independent Auditors

To the Management of  
KNAU Radio (A Public Telecommunications Entity of Northern Arizona University)

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of KNAU Radio (A Public Telecommunications Entity of Northern Arizona University) (KNAU), which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KNAU as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KNAU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Prior Period Financial Statements***

The financial statements of KNAU as of June 30, 2023, were audited by other auditors whose report dated December 14, 2023, expressed an unmodified opinion on those statements.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KNAU's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KNAU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KNAU's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

As discussed in Note 1, the financial statements of KNAU are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the financial information of Northern Arizona University that are attributable to the transactions of KNAU. They do not purport to and do not present fairly the financial position of Northern Arizona University at June 30, 2024, the changes in its financial position, or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, and defined benefit plan contributions be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025, on our consideration of KNAU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KNAU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KNAU's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Phoenix, Arizona  
January 13, 2025

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

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**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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**Introduction** – The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of KNAU Radio (A Public Telecommunications Entity of Northern Arizona University) (KNAU), a department of Northern Arizona University (NAU), and is designed to assist in the understanding of the accompanying financial statements as of and for the year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

KNAU is located on the campus of Northern Arizona University. KNAU broadcasts National Public Radio, American Public Media, Public Radio International, and local programs that inform, enrich, and entertain the public. KNAU serves listeners with comprehensive music and information programs that reflect current affairs, history, and cultures.

These financial statements were prepared in accordance with reporting guidelines of the Corporation for Public Broadcasting and Governmental Accounting Standards Board (GASB) principles. The financial statements prepared in accordance with GASB principles establish standards for external financial reporting and provide a perspective on KNAU's assets, liabilities, net position, revenues, expenses, and cash flows.

The Statements of Net Position present the financial position of KNAU at the end of the fiscal years 2024 and 2023 and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of KNAU. Assets are what KNAU owns and are generally measured at the current value, except for capital assets which include property and equipment recorded at historical cost less accumulated depreciation. Assets are categorized as either current or non-current. Current assets are generally considered to be convertible to cash within one year. Current liabilities are obligations that will be paid within one year of the statement date. The difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources, referred to as net position, is one indicator of the financial condition of KNAU.

**Assets and deferred outflows of resources** – Total assets and deferred outflows of resources of KNAU were \$4,397,417 and \$4,349,275 at June 30, 2024 and 2023, respectively. Unrestricted cash was \$973,150 and \$1,007,478, or 23% and 24%, of total assets at June 30, 2024 and 2023, respectively. The investments balance increased by \$216,634 due to market value adjustments and positive earnings.

Accounts receivable, net, was \$177,920 and \$240,444 at June 30, 2024 and 2023. In 2024, capital assets decreased by \$39,243 from \$226,575 to \$187,332 mainly due to depreciation of existing assets. GASB 68 and 71 were implemented during 2015, resulting in Deferred Outflows of Resources of \$94,118 and \$126,855 at June 30, 2024 and 2023, respectively.

**Liabilities and deferred inflows of resources** – Total liabilities and deferred inflows of resources of KNAU were \$889,803 and \$982,712 at June 30, 2024 and 2023, respectively. Accrued expenses were \$70,924 and \$79,043 at June 30, 2024 and 2023, respectively.

Advanced underwriting fees of \$4,425 at June 30, 2024 decreased by \$398. GASB 68 and 71 were implemented during 2015, resulting in Deferred Inflows of Resources of \$27,831 and \$37,154 at June 30, 2024 and 2023, respectively.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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**Net position** – Net position is divided into three major categories. The first category, net investment in capital assets, reports KNAU's net equity in property, plant, and equipment. The second category, restricted net position, reports net assets that are owned by KNAU, but the use or purpose of the funds are restricted by an external source or entity. The expendable restricted net position may be expended by KNAU but must be spent only for the purpose as determined by the donor or external entity. The third category is unrestricted. KNAU does not have any restricted net position.

**Condensed Statements of Net Position**

Fiscal Years 2024, 2023, and 2022

	2024	2023	2022
<b>ASSETS</b>			
Current assets	4,023,361	\$ 3,844,600	\$ 3,696,192
Noncurrent assets	279,938	377,820	459,635
Total assets	4,303,299	4,222,420	4,155,827
Deferred outflows of resources	94,118	126,855	199,391
Total assets and deferred outflows of resources	4,397,417	4,349,275	4,355,218
<b>LIABILITIES</b>			
Current liabilities	75,349	83,866	91,871
Net pension liability	786,623	861,692	813,584
Total liabilities	861,972	945,558	905,455
Deferred inflow of resources	27,831	37,154	306,395
Total liabilities and deferred inflow of resources	889,803	982,712	1,211,850
<b>NET POSITION</b>			
Net investment in capital assets	187,332	226,575	259,549
Unrestricted	3,320,282	3,139,988	2,883,819
Total net position	3,507,614	3,366,563	3,143,368
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,397,417</u>	<u>\$ 4,349,275</u>	<u>\$ 4,355,218</u>

**Statements of Revenues, Expenses, and Changes in Net Position** – The Statements of Revenues, Expenses, and Changes in Net Position, which are generally referred to as the activities statements, present the total revenues (operating and non-operating) received and earned by KNAU, expenses (operating and non-operating) paid and owed by KNAU, and income or loss from operations for the current fiscal year.

**Revenues** – Total operating revenues of KNAU for the fiscal years 2024 and 2023 were \$2,088,219 and \$2,163,851, respectively. The decrease of \$75,632 or 3% from 2023 is due to decreased gifts and underwriting.



**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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Operating revenues from grants and contracts totaled \$282,026 and \$253,962 in fiscal year 2024 and 2023, respectively, an increase of \$28,064 or 11%. Grant and contract revenues related to non-exchange type agreements are classified as operating revenue. Grant revenue varies from year to year based on the CSG calculation and the final grant.

KNAU received \$401,252 and \$400,436 in fiscal year 2024 and 2023, respectively, of NAU appropriations, an increase of \$816 from 2023. NAU appropriations vary from year to year based on the University ACFR calculations of institutional support, and operation and maintenance of plant. KNAU also received \$765,898 and \$815,091 in fiscal year 2024 and 2023 in subscriptions, memberships, and gifts, a decrease of \$49,193 or 6%. This decrease is due to typical fluctuation in sustaining member support year-to-year, and a decrease in individual gifts. Sustaining member support provides consistent, reliable, monthly income and pledge drives, which enables KNAU to budget effectively throughout the year.

Underwriting revenues in fiscal years 2024 and 2023 totaled \$598,290 and \$624,389, respectively, a decrease of \$26,099 or 4%. Because of the uncertainty of both the economic outlook and future federal funding, KNAU continues to make a conscientious effort to increase business support. KNAU also received \$442,005 in fiscal year 2024 and \$470,409 in fiscal year 2023 of donated facilities and administrative support from NAU, which is comprised of donated office and studio space and costs for institutional support and physical plant operations.

Net investment income (loss) in 2024 totaled \$216,634 which was an increase from fiscal year 2023 of \$43,636, or roughly 25%. The investment return for the NAU Foundation for 2024 was a gain of 7.36% compared to a gain of 6.34% in 2023. In fiscal year 2023, investment income for KNAU increased \$816,701, or approximately 127%.

**Expenses** – Total operating expenses of KNAU for the fiscal years were \$2,594,800 and \$2,527,069 and for 2024 and 2023, respectively. There was an increase in total operating expenses for fiscal year 2024 and 2023 of \$67,731 or 3%. Overall, the increase in 2024 was due to various fluctuations in donated facilities and administrative support from NAU as well as programming and production costs and salaries. Depreciation expense totaled \$54,164 and \$54,538 for fiscal year 2024 and 2023, respectively.

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

Fiscal Years 2024, 2023, and 2022

	2024	2023	2022
Operating revenues	2,088,219	\$ 2,163,851	\$ 2,278,233
Operating expenses	2,594,800	2,527,069	2,800,515
Operating loss	(506,581)	(363,218)	(522,282)
Nonoperating revenues (loss)	647,632	586,413	(162,104)
Change in net position	141,051	223,195	(684,386)
Net position, beginning of year	3,366,563	3,143,368	3,827,754
Net position, end of year	\$ 3,507,614	\$ 3,366,563	\$ 3,143,368

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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**Capital and debt analysis** – KNAU had \$187,332 and \$226,575 in capital assets, net of accumulated depreciation, at June 30, 2024 and 2023, respectively. Title to these assets resides with NAU, which allocated custody of the assets to KNAU for its operational needs. The change in capital assets for fiscal year 2024 is mainly due to depreciation of assets.

Additional information on KNAU's capital assets can be found in Note 1 to the accompanying financial statements.

KNAU does not separately issue long-term debt and is not currently engaged in any long-term financing.

**Economic factors that may affect the future** – Overall, KNAU's financial position is relatively strong but the economic outlook for the station is dependent on various influences of its funding sources.

- Revenue from Northern Arizona University and the State of Arizona is uncertain.
- Membership and underwriting revenue are both increasing.
- Major gifts of amounts \$1,000 and above, and planned giving efforts, are increasing.
- Cash reserves provide short-term solutions to possible budget cuts.

KNAU is partially dependent on funding outside of its control. KNAU continues to work to strengthen controllable revenue opportunities and aggressively control costs. Some revenue risks involve funding from Northern Arizona University and the United States federal government. Revenues that are controllable and can be enhanced include membership and underwriting, major gifts over \$1,000, and planned or estate gifts. Furthermore, KNAU holds cash reserves to balance uneven timing from various revenue sources.

The station is focused on increasing private business funding and will continue working toward an annual increase in underwriting revenue.

KNAU continues to explore ways to continue providing excellent programming while controlling these costs. Overall, the station remains financially healthy. The net position increased by \$141,051 in fiscal year 2024.

**Request for information** – This financial report is designed to provide a general overview of KNAU's finances for KNAU management, and NAU. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to KNAU Arizona Public Radio, Attention: General Manager, and P.O. Box 5764, Flagstaff, Arizona 86011.

## **Financial Statements**

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 973,150	\$ 1,007,478
Investments	2,945,324	2,728,690
Prepaid expenses	3,854	3,854
Accounts receivable, net	<u>101,033</u>	<u>104,578</u>
Total current assets	4,023,361	3,844,600
Accounts receivable, net of current portion	76,887	135,866
Assets held under split interest agreement	15,719	15,379
Capital assets, net	<u>187,332</u>	<u>226,575</u>
Total assets	4,303,299	4,222,420
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows - ASRS, net	<u>94,118</u>	<u>126,855</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 4,397,417</u></b>	<b><u>\$ 4,349,275</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 70,924	\$ 79,043
Advanced underwriting fees	<u>4,425</u>	<u>4,823</u>
Total current liabilities	75,349	83,866
Net pension liability - ASRS	<u>786,623</u>	<u>861,692</u>
Total liabilities	<u>861,972</u>	<u>945,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows - ASRS	<u>27,831</u>	<u>37,154</u>
<b>NET POSITION</b>		
Net investment in capital assets	187,332	226,575
Unrestricted	<u>3,320,282</u>	<u>3,139,988</u>
Total net position	<u>3,507,614</u>	<u>3,366,563</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 4,397,417</u></b>	<b><u>\$ 4,349,275</u></b>

See accompanying notes.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
OPERATING REVENUES		
Grants and contracts	\$ 282,026	\$ 253,962
Subscriptions, memberships and gifts	765,898	815,091
Underwriting	598,290	624,389
Donated facilities and administrative support from Northern Arizona University	442,005	470,409
Total operating revenues	<u>2,088,219</u>	<u>2,163,851</u>
OPERATING EXPENSES		
Program services		
Programming and production	1,026,818	1,071,441
Broadcasting	356,608	357,888
Total program services	<u>1,383,426</u>	<u>1,429,329</u>
Support services		
Management and general	272,422	156,382
Northern Arizona University donated institutional support	442,005	470,409
Fundraising and development	306,100	281,132
Underwriting	190,847	189,817
Total support services	<u>1,211,374</u>	<u>1,097,740</u>
Total operating expenses	<u>2,594,800</u>	<u>2,527,069</u>
OPERATING LOSS	<u>(506,581)</u>	<u>(363,218)</u>
NONOPERATING REVENUES		
General appropriations from Northern Arizona University	401,252	400,436
Net investment income	216,634	172,998
Other income	29,746	12,979
Total nonoperating revenues	<u>647,632</u>	<u>586,413</u>
CHANGE IN NET POSITION	141,051	223,195
NET POSITION, beginning of year	<u>3,366,563</u>	<u>3,143,368</u>
NET POSITION, end of year	<u>\$ 3,507,614</u>	<u>\$ 3,366,563</u>

See accompanying notes.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from grants and contracts	\$ 340,689	\$ 253,962
Receipts from subscriptions, memberships and gifts	765,898	862,402
Receipts from underwriting	602,151	632,595
Payments to employees	(1,213,404)	(1,229,199)
Payments to suppliers	(945,399)	(924,172)
Net cash from operating activities	(450,065)	(404,412)
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
General appropriations from Northern Arizona University	401,252	400,436
Change in split-interest agreement	(340)	(251)
Other income	29,746	12,979
Net cash from noncapital financing activities	430,658	413,164
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(14,921)	(21,564)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(34,328)	(12,812)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,007,478	1,020,290
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 973,150	\$ 1,007,478
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (506,581)	\$ (363,218)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation	54,164	54,538
Change in allowance for uncollectible promises to give	286	1,781
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net	62,238	59,089
Accrued expenses	(8,119)	(2,652)
Net pension liability	(75,069)	48,108
Pensions related deferred outflows - ASRS	32,737	72,536
Pensions related deferred inflows - ASRS	(9,323)	(269,241)
Advanced underwriting fees	(398)	(5,353)
Net cash from operating activities	\$ (450,065)	\$ (404,412)

See accompanying notes.

# KNAU Radio

## (A Public Telecommunications Entity of Northern Arizona University)

### Notes to Financial Statements

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#### **Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

**Nature of activities** – KNAU Radio (A Public Telecommunications Entity of Northern Arizona University) (KNAU) is a non-commercial, educational radio station operated by Northern Arizona University in Flagstaff, Arizona, under a license granted by the Federal Communications Commission. KNAU's licensee is the Arizona Board of Regents acting for and on behalf of Northern Arizona University. KNAU's mission is to be a trusted source of information, music, and entertainment for rural Arizona through radio and other media.

The accounting policies of KNAU conform to accounting policies generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The basic financial statements of KNAU, as a department of Northern Arizona University (NAU or the University) are not intended to represent the related financial statement information of the primary government.

**Financial reporting entity** – The basic financial statements of KNAU include all funds for which KNAU has oversight responsibility. Fiscal responsibility for KNAU remains with the University; therefore, KNAU is considered part of the reporting entity for the University's reporting process.

**Measurement focus, basis of accounting, and financial statement presentation** – KNAU is an enterprise fund, which is accounted for using the economic resources measurement focus and the accrual basis of accounting. Except as noted below, revenues are recognized when earned, and expenses are recognized when they are incurred, regardless of the timing of related cash flows. The general appropriation from the University is recorded when expended. Grants and contracts are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. The portion of the University's indirect costs attributable to KNAU's operations and the value of space provided to KNAU by the University are included as revenues and expenses and are allocated based upon KNAU's proportional benefit and recorded at their fair value.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that generally result from providing information, music, and entertainment, which is consistent with KNAU's mission. Accordingly, revenues earned from grants and contracts, subscriptions, memberships and gifts, underwriting and donated facilities, and institutional support from the University are considered operating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, including general appropriations, investment earnings and other income. Operating expenses include the cost of services, salaries and employee-related expenses, office and general expenses, donated facilities and institutional support from the University, and depreciation on capital assets.

When both restricted and unrestricted resources are available for use, it is KNAU's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and cash equivalents** – For administrative purposes, cash balances of KNAU are commingled in bank accounts maintained by NAU or by the Northern Arizona University Foundation (the Foundation). For purposes of the statement of cash flows, highly liquid investments with an original maturity of three months or less are classified as cash equivalents.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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Cash and cash equivalents maintained by NAU and the Foundation are deposits with commercial banks and are covered by federal depository insurance. Any cash balances held by NAU in excess of federal depository insurance are collateralized by United States government obligations held by the counter party's agent in the agent's account with the Federal Reserve in NAU's name. Any cash balances held by the Foundation in excess of depository insurance are collateralized by way of the Foundation's policies. The Foundation manages deposit concentration risk by placing cash and investments with financial institutions and investment brokerage firms believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds held at financial institutions. There were no amounts in excess of insured limits at June 30, 2024. To date, the Foundation has not experienced losses in any of these accounts.

**Fair value measurements** – Certain assets and liabilities are reported at fair value in the basic financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that KNAU can access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

**Level 3** – Unobservable inputs for the asset or liability. In these situations, KNAU develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to KNAU's assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of KNAU's investment balance is determined by KNAU's respective investment percentage in the fair value of the pools' assets. Fluctuations in value are recognized in the period incurred.



**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying basic financial statements.

**Accounts receivable** – Accounts receivable consist of business underwriting activities and unconditional promises to give. Underwriting accounts receivable are stated at the amount billed to the sponsor. Unconditional promises to give are recorded at net realizable value. Management determines the allowance for uncollectible accounts receivable based on historical experience, analysis of aged receivables, and specific identification of uncollectible accounts. Accounts receivable are written off when deemed uncollectible. At June 30, 2024 and 2023, the allowance was \$700 and \$986, respectively.

**Assets held under split-interest agreements** – KNAU is the named beneficiary of an irrevocable trust held by the Foundation. This trust is governed by a trust agreement which provides for a future distribution of cash or other assets to the Foundation to be held for KNAU. As the Foundation holds the trust, and the corresponding liability, no such liability is recorded on the statement of net position of KNAU. The corresponding asset is recorded at fair value.

**Capital assets** – Capital assets are generally stated at cost. Contributions of assets, for which historical costs are not available, are stated at estimated fair value at the date of receipt. Ordinary maintenance and repairs are charged to operations as incurred. The cost of assets sold and the related accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in operations. KNAU has set the capitalization threshold for reporting capital assets at \$1,000 and an estimated useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to twenty years.

KNAU reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2024 and 2023.

**Deferred outflows and inflows of resources** – GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, require actuarial assumptions be made, based on the measurement date, in computing deferred outflows and inflows of resources determined in connection with recording total pension liability.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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For deferred outflows of resources, contributions made by KNAU to its pension plan since the measurement date of the plan's net pension liability, the difference between expected and actual experiences in the plan, changes in assumptions, and changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan, are reported as pension related deferred outflows of resources. The contributions made since the measurement date of the plan will be recognized when the time period in which the contributions were made is encompassed by the plan. The difference between expected and actual experiences in the plan, changes in assumptions, and the changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan, are amortized over the estimated remaining work-life of active participants in the plan and recognized as a reduction of pension expense.

For deferred inflows of resources, the difference between projected and actual investment earnings of the pension plan, and changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan, are presented as pension related deferred inflows of resources. This difference between projected and actual investment earnings of the pension plan is amortized over five years and recognized as a component of pension expense. The changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan are amortized over the estimated remaining work-life of active participants in the plan and recognized as a reduction of pension expense.

The Statement of Net Position includes separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that is applicable to future periods and will be recognized as a revenue in future periods. See Note 6 for additional information and disclosures related to the pension plan.

**Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Advanced underwriting fees** – Advanced underwriting fees consist of advance payments from sponsors in the form of cash, for revenue to be recognized in the following year.

**Economic dependence** – KNAU is dependent upon funding from the Corporation for Public Broadcasting, NAU, underwriters, and contributors.

**Subsequent events** – KNAU has evaluated subsequent events through January 13, 2025, the date which the basic financial statements were available to be issued.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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**Note 2 – Accounts Receivable**

Accounts receivable consisted of the following at June 30:

	2024	2023
Underwriting	51,703	\$ 55,564
Promises to give		
Within one year	50,030	50,000
In one to five years	76,887	135,866
Less allowance for doubtful accounts	(700)	(986)
	<u>\$ 177,920</u>	<u>\$ 240,444</u>

**Note 3 – Capital Assets**

Capital assets consisted of the following at June 30, 2024:

	July 1, 2023	Additions	Disposals	June 30, 2024
Capital assets being depreciated				
Broadcast and programming equipment	\$ 738,446	\$ 13,065	\$ -	\$ 751,511
Computers and office equipment	71,219	1,856	-	73,075
Vehicles	26,334	-	-	26,334
Leasehold improvements	256,942	-	-	256,942
Total cost	<u>1,092,941</u>	<u>14,921</u>	<u>-</u>	<u>1,107,862</u>
Less accumulated depreciation				
Broadcast and programming equipment	(520,299)	(33,116)	-	(553,415)
Computers and office equipment	(64,521)	(5,042)	-	(69,563)
Vehicles	(27,745)	-	-	(27,745)
Leasehold improvements	(253,801)	(16,006)	-	(269,807)
Total accumulated depreciation	<u>(866,366)</u>	<u>(54,164)</u>	<u>-</u>	<u>(920,530)</u>
Net capital assets	<u>\$ 226,575</u>	<u>\$ (39,243)</u>	<u>\$ -</u>	<u>\$ 187,332</u>

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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Capital assets consisted of the following at June 30, 2023:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Capital assets being depreciated				
Broadcast and programming equipment	\$ 981,580	\$ 16,789	\$ (259,923)	\$ 738,446
Computers and office equipment	66,444	4,775	-	71,219
Vehicles	26,334	-	-	26,334
Leasehold improvements	<u>256,942</u>	<u>-</u>	<u>-</u>	<u>256,942</u>
Total cost	<u>1,331,300</u>	<u>21,564</u>	<u>(259,923)</u>	<u>1,092,941</u>
Less accumulated depreciation				
Broadcast and programming equipment	(748,412)	(31,810)	259,923	(520,299)
Computers and office equipment	(47,343)	(17,178)	-	(64,521)
Vehicles	(27,745)	-	-	(27,745)
Leasehold improvements	<u>(248,251)</u>	<u>(5,550)</u>	<u>-</u>	<u>(253,801)</u>
Total accumulated depreciation	<u>(1,071,751)</u>	<u>(54,538)</u>	<u>259,923</u>	<u>(866,366)</u>
Net capital assets	<u>\$ 259,549</u>	<u>\$ (32,974)</u>	<u>\$ -</u>	<u>\$ 226,575</u>

Depreciation expense was \$54,164 and \$54,538 for the years ended June 30, 2024 and 2023, respectively.

**Note 4 – Quasi-Endowment Funds**

Unrestricted net position includes an unrestricted quasi-endowment in accordance with generally accepted accounting principles. Funds are invested and may be drawn down at the discretion of management and are not committed for a specific purpose. Detailed quasi-endowment activity for the years ended June 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance - quasi-endowment	<u>\$ 2,728,690</u>	<u>\$ 2,555,692</u>
Investment income	216,634	172,998
Ending balance - quasi-endowment	<u>\$ 2,945,324</u>	<u>\$ 2,728,690</u>

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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The quasi-endowment is measured at fair value of \$2,945,324 and \$2,728,690 as of June 30, 2024 and 2023, respectively. The related fair values of these funds are determined by other observable inputs, which are considered to be Level 2 investments.

Funds held in the quasi-endowment are part of a pool of funds held by the Foundation on behalf of KNAU. The Foundation is not rated by the nationally recognized statistical rating organizations. The pool of funds is invested primarily in equity, and fixed income mutual funds and money market funds. KNAU has no regulatory oversight for the pool, which is governed by the Foundation's management, Board of Directors, and its designated subcommittees. The Foundation is audited annually by an independent certified public accounting firm.

**Note 5 – Donated Facilities and Administrative Support**

Donated facilities and administrative support from NAU totaled \$442,005 and \$470,409 for the years ended June 30, 2024 and 2023, respectively, and is comprised of donated office and studio space, and costs for institutional support and physical plant operations. These costs are allocated financial costs incurred by NAU on behalf of KNAU.

**Note 6 – Retirement Plans**

KNAU employees participate in the Arizona State Retirement System (ASRS). The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov). KNAU'S net pension liability at June 30, 2024 and 2023, was \$786,623 and \$861,692, respectively.

**Defined Benefit Plan**

*Plan description* – The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (Other Postemployment Benefits, or OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. All full benefit eligible classified staff must participate in these plans. University faculty, academic professionals, and administrative officers have the option to participate in these plans or the defined contribution plans described later. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona.

# KNAU Radio

## (A Public Telecommunications Entity of Northern Arizona University)

### Notes to Financial Statements

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*Benefits provided* – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equal 80 10 years; age 62 5 years; age 50* Any years; age 65	30 years; age 55 25 years; age 60 10 years; age 62 5 years; age 50* Any years; age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit % per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

*Contributions* – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41% (12.22% for retirement, 0% for health insurance premium benefit, and 0.19% for long-term disability) of the members' annual covered payroll, and KNAU was required by statute to contribute at the actuarially determined rate of 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% for long-term disability) of the active members' annual covered payroll. KNAU's contributions to the pension plan for the years ended June 30, 2024 and 2023, were \$75,641 and \$75,476, respectively.

*Pension liability* – At June 30, 2024 and 2023, KNAU reported a liability for its proportionate share of the ASRS's net pension liability of \$786,623 and \$861,692, respectively. The net pension liability was measured as of June 30, 2024 and 2023, respectively. For 2024 and 2023, the total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2022 and 2021, to the measurement date of June 30, 2023 and 2022. KNAU's proportion of the net pension liability was based on KNAU's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. KNAU's proportion measured as of June 30, 2023, 2022, and 2021, was 0.46% and 0.50% and 0.58%, respectively.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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*Pension expense and deferred outflows/inflows of resources* – For the years ended June 30, 2024 and 2023, KNAU recognized pension expense for ASRS of \$51,655 and \$71,039, respectively. KNAU reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2024:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 17,775	\$ -
Changes in assumptions	-	-
Difference between projected and actual investment earnings	-	27,831
Changes in proportion and differences between KNAU contributions and proportionate share of contributions	702	-
KNAU contributions subsequent to the measurement date	<u>75,641</u>	<u>-</u>
Total	<u>\$ 94,118</u>	<u>\$ 27,831</u>

KNAU reported deferred outflows and deferred inflows of resources related to pensions from the following sources at June 30, 2023:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,342	\$ -
Changes in assumptions	42,767	-
Difference between projected and actual investment earnings	-	22,698
Changes in proportion and differences between KNAU contributions and proportionate share of contributions	1,270	14,456
KNAU contributions subsequent to the measurement date	<u>75,476</u>	<u>-</u>
Total	<u>\$ 126,855</u>	<u>\$ 37,154</u>

The \$75,641 as of June 30, 2024 reported as deferred outflows of resources related to ASRS pensions resulting from KNAU contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ (3,374)
2025	(32,517)
2026	29,994
2027	<u>(3,458)</u>
Total pension expense	<u>\$ (9,355)</u>

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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**Actuarial assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

	<u>2024</u>	<u>2023</u>
Actuarial valuation date	June 30, 2022	June 30, 2021
Actuarial roll forward date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	7.0%	7.0%
Projected salary increases	2.9%-8.4%	2.9%-8.4%
Inflation	2.3%	2.3%
Permanent benefit increase	Included	Included
Mortality rates	2017 SRA Scal U-MP	2017 SRA Scal U-MP

Actuarial assumptions used in the June 30, 2023, valuation were determined by an actuarial valuation as of June 30, 2022, and rolled forward using generally accepted actuarial procedures to June 30, 2023. Actuarial assumptions used in the June 30, 2022, valuation were determined by an actuarial valuation as of June 30, 2021, and rolled forward using generally accepted actuarial procedures to June 30, 2022.

The long-term expected rate of return on ASRS pension plan investments was determined to be 4.66% and 4.19% as of June 30, 2024 and 2023, respectively, using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the June 30, 2024, measurement date are summarized in the following table:

<u>June 30, 2024</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset class		
Public equity	44%	1.54%
Credit	23%	1.36%
Real estate	17%	1.00%
Private equity	10%	0.67%
Interest rate sensitive bonds	6%	0.09%
Total	<u>100%</u>	<u>4.66%</u>



**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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The target allocation and best estimates of arithmetic real rates of return for each major asset class for the June 30, 2023, measurement date are summarized in the following table:

<u>June 30, 2023</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset class		
Equity	50%	1.95%
Credit	20%	1.06%
Interest rate sensitive bonds	10%	-0.02%
Real estate	20%	1.20%
Total	<u>100%</u>	<u>4.19%</u>

**Discount rate** – The discount rate used to measure the ASRS total pension liability was 7.0%. The rate has remained the same in the roll forward at 7.0%, which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of KNAU's proportionate share of the ASRS net pension liability to changes in the discount rate** – The following table presents KNAU's proportionate share of the net pension liability, calculated using the discount rate of 7.0%, as well as what KNAU's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

<u>June 30, 2024</u>	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
KNAU's proportionate share of the net pension liability	<u>\$ 1,178,246</u>	<u>\$ 786,623</u>	<u>\$ 460,079</u>
<u>June 30, 2023</u>	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
KNAU's proportionate share of the net pension liability	<u>\$ 1,271,401</u>	<u>\$ 861,692</u>	<u>\$ 520,059</u>

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Notes to Financial Statements**

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**Note 7 – Related Party Transactions**

In exchange for administrative services, KNAU pays a donation management fee equal to 5% of all donations to the Foundation, a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and a related party in accordance with generally accepted accounting principles. Foundation gift fees paid for the years ended June 30, 2024 and 2023, were \$41,201 and \$43,574, respectively. Refer to Note 5 for transactions with NAU.

## **Required Supplementary Information**

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**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Schedule of Proportionate Share of Net Pension Liability – Last 10 Fiscal Years\***  
**June 30, 2024**

	Reporting Fiscal Year Measurement Date (Measurement Date)								
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Statutorily required contribution	\$ 75,642	\$ 75,476	\$ 81,095	\$ 66,802	\$ 66,385	\$ 62,492	\$ 62,492	\$ 61,557	\$ 46,134
Contributions in relation to the statutorily required contribution	<u>75,642</u>	<u>75,476</u>	<u>81,095</u>	<u>66,802</u>	<u>66,385</u>	<u>62,492</u>	<u>62,492</u>	<u>61,557</u>	<u>46,134</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 648,589	\$ 679,570	\$ 696,672	\$ 589,004	\$ 616,002	\$ 552,020	\$ 554,295	\$ 546,345	\$ 442,337
Contributions as a percentage of covered payroll	11.66%	11.11%	11.64%	11.34%	10.78%	11.32%	11.27%	11.27%	10.43%

\*FY 2015 was the first year of implementation. GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KNAU will present information for those years for which information is available.

**KNAU Radio**  
**(A Public Telecommunications Entity of Northern Arizona University)**  
**Schedule of Defined Benefit Plan Contributions – Last 10 Fiscal Years\***  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)								
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
Proportion of the Plan's net pension liability	0.4564%	0.4958%	0.5830%	0.4755%	0.4817%	0.4900%	0.5100%	0.4700%	0.4500%
Proportionate share of the net pension liability	\$ 786,623	\$ 861,692	\$ 813,584	\$ 924,849	\$ 819,257	\$ 804,426	\$ 911,999	\$ 7,432,987	\$ 726,464
Covered payroll	\$ 679,570	\$ 696,672	\$ 589,004	\$ 616,002	\$ 552,020	\$ 554,295	\$ 546,345	\$ 442,337	\$ 421,947
Proportionate share of the net pension liability as a percentage of the covered payroll	115.75%	123.69%	138.13%	150.14%	148.41%	145.13%	166.93%	165.71%	172.17%
Plan fiduciary net position as a percentage of total pension liability	75.47%	74.26%	78.58%	69.33%	73.00%	73.00%	69.92%	67.06%	68.35%

\*FY 2015 was the first year of implementation. GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KNAU will present information for those years for which information is available.

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Management of  
KNAU Radio (A Public Telecommunications Entity of Northern Arizona University)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KNAU Radio (A Public Telecommunications Entity of Northern Arizona University) (KNAU) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KNAU's financial statements, and have issued our report thereon dated January 13, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KNAU's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KNAU's internal control. Accordingly, we do not express an opinion on the effectiveness of KNAU's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KNAU's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KNAU's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KNAU's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Phoenix, Arizona  
January 13, 2025

