EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
Richmond, Kentucky

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
Eastern Kentucky University
Richmond, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of WEKU-FM Radio (the "Station"), a public broadcasting entity operated by Eastern Kentucky University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Eastern Kentucky University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Eastern Kentucky University as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7, the Schedule of the Station's Proportionate Share of the Net Pension Liability on page 47, the Schedule of the Station's Pension Contributions on page 48 the Schedule of the Station's Proportionate Share of the Net OPEB Liability on page 52 and the Schedule of the Station's OPEB Contributions on page 53 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it 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.

Crowe LLP

Crowe LLP

Louisville, Kentucky
February 24, 2021

Introduction

Management's Discussion and Analysis ("MD&A") of the financial condition of WEKU-FM Radio (the "Station") provides an overview of the financial performance of the Station for the years ended June 30, 2020, with selected comparative information for the years ended June 30, 2019 and 2018. Management has prepared this discussion, along with the financial statements and related notes, to provide summary financial information. The amounts in the MD&A have been rounded to the nearest thousand, and the MD&A should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The financial statements indicate a mixed financial year as reflected in the financial statements.

Assets and deferred outflows were $1,057,000 at June 30, 2020 compared to $906,000 and $980,000 at June 30, 2019 and 2018, respectively. This was primarily the result of a decrease of approximately $15,000 in accounts receivable, $103,000 in deferred outflows related to KERS/KTRS pension and OPEB and an increase of $278,000 in cash and $7,000 in prepaid expenses. Liabilities and deferred inflows were $1,523,000 at June 30, 2020, compared to $3,366,000 and $2,739,000 at June 30, 2019 and 2018, respectively. This was primarily the result of an increase of approximately $28,000 in unearned revenue and $7,000 in accrued salaries and benefits and a decrease of $14,000 in accounts payable, $1,753,000 in the KTRS/KERS pension and OPEB liability and $110,000 in deferred inflows related to KERS/KTRS pension and OPEB.

Operating revenues from contracts and grants for the year ended June 30, 2020 of $272,000 were $182,000 higher than the previous year, of which $112,000 represents emergency funding from the Corporation for Public Broadcasting attributed to the CARES Act.

Operating expenses were $(321,000) at June 30, 2020 compared to $2,582,000 at June 30, 2019 and $2,766,000 at June 30, 2018. The significant change is a result of $(1,760,000) in KERS/KTRS pension and OPEB pension expense adjustments. The gain from operations for the year ended June 30, 2020 was $594,000 compared to $2,492,000 loss from operations at June 30, 2019 and $2,564,000 at June 30, 2018. Nonoperating revenues of $1,399,000 for the year ended June 30, 2019 decreased $392,000 compared to $1,791,000 for year ended June 30, 2019 and $1,768,000 for the year ended June 30, 2018. This decrease is primarily the result of a decrease in the indirect administrative support from Eastern Kentucky University and underwriting revenue for the year.

Total net position increased $1,993,000 from the combination of the gain from operations plus increase in operating revenues. Net position for the year ended June 30, 2020 was $(467,000) compared to $(2,460,000) for the year ended June 30, 2019 and $(1,759,000) for the year ended June 30, 2018.

Using this Annual Report

The financial statements consist of the Statements of Net Position as of June 30, 2020 and 2019, and the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows for the fiscal years then ended. These statements reflect both the financial position of the Station at the end of the fiscal years noted, as well as the results in operating and nonoperating activities and cash flows.

Statements of Net Position

The Statements of Net Position includes all assets and liabilities. It is prepared using accrual basis accounting, whereby revenues are recognized when earned and expenses when incurred, regardless of when cash is exchanged. The Station's net position (the difference between assets and liabilities) are one indicator of the Station's financial health. Over time, increases or decreases in net position can indicate improvement or erosion of the Station's financial health. Changes in net position should be considered in conjunction with non-financial factors, such as condition of facilities.

Statements of Net Position

	2019	2018	2017
Assets:			
Current assets	$ 758,000	$ 488,000	$ 361,000
Capital assets – net	160,000	176,000	126,000
Total assets	918,000	664,000	487,000
Deferred outflows	139,000	242,000	493,000
Total assets and deferred outflows	**1,057,000**	906,000	980,000
Liabilities			
Current liabilities	286,000	266,000	73,000
Noncurrent liabilities	734,000	2,486,000	2,391,000
Total liabilities	1,020,000	2,752,000	2,464,000
Deferred inflows	504,000	614,000	275,000
Total liabilities and deferred inflows	**1,524,000**	3,366,000	2,739,000
Net position:			
Net investment in capital assets	160,000	176,000	126,000
Unrestricted	(627,000)	(2,636,000)	(1,885,000)
Total net position	$ (467,000)	$ (2,460,000)	$(1,759,000)

- **Assets -** As of June 30, 2020, the Station's total assets amounted to $918,000. Cash of $646,000 represented the Station's largest asset or 70% of total assets. For the year ended June 30, 2019, cash represented 55% of total assets. For the year ended June 30, 2018, cash represented 44% of total assets.

- **Deferred Outflows -** The deferred outflows for the Station for the year ended June 30, 2020 totaled $139,000 and represent contributions to the KERS and KTRS pension and OPEB. The balance was $242,000 and $493,000 for the years ended June 30, 2019 and 2018, respectively.

- **Liabilities** – As of June 30, 2020, the Station's liabilities amounted to $1,020,000. Pension and OPEB liabilities comprised 72% of total liabilities. Liabilities totaled $2,752,000 and $2,464,000 for the years ended June 30, 2019 and 2018, respectively. Pension liability comprised 90% of total liabilities for both years.

- **Deferred Inflows** –The deferred inflows for the Station for the year ended June 30, 2020, totaled $504,000 and represent the KERS and KTRS pension and OPEB. The balance was $614,000 and $275,000 for the years ended June 30, 2019 and 2018.

- **Net Position** – Total net position was $(467,000) at June 30, 2020, an improvement of $1,993,000 from June 30, 2019. Net position includes $160,000 of net investment in capital assets and $(627,000) classified as unrestricted.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. The University appropriations and other income are classified as nonoperating revenues. Accordingly, the Station will typically generate an operating loss prior to the addition of nonoperating revenues. A more meaningful measure is the change in net position. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Statements of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
Operating revenues:			
Federal grants and contracts	$ 273,000	$ 91,000	$ 202,000
Operating expenses:			
Program services	572,000	776,000	940,000
Supporting services	813,000	1,075,000	1,153,000
Depreciation	54,0000	47,000	36,000
Pension expense adjustments	(1,466,000)	561,000	619,000
OPEB expense adjustment	(294,000)	124,000	18,000
Total operating expenses	(321,000)	2,583,000	2,766,000
Operating income (loss)	594,000	(2,492,000)	(2,564,000)
Nonoperating revenues	1,399,000	1,791,000	1,768,000
Decrease in net position	1,993,000	(701,000)	(796,000)
Net position – beginning of year	(2,460,000)	(1,759,000)	(963,000)
Net position – end of year	$ (467,000)	$ (2,460,000)	$ (1,759,000)

Revenue – Total operating revenues were $272,000 for the year ended June 30, 2020, compared to $91,000 and $202,000 for the years ended June 30, 2019 and 2018, which consisted of Federal grants and contracts and contributions.

Expenses – Operating expenses net of pension and OPEB expense adjustments totaled $1,439,000 for the year ended June 30, 2020. Of this amount, $256,000 or 18% was used for programming and expenses related to production; $315,000 or 22% was used for broadcasting expenses; $600,000 or 42% for management and general expenses; $145,000 or 10% for fundraising; $69,000 or 5% for underwriting; and $54,000 or 4% for depreciation. The related proportions of operating expenses for the year ended June 30, 2019 were 13%, 17%, 58%, 6%, 4% and 2%, respectively.

Nonoperating Revenues – Nonoperating revenues for the year ended June 30, 2020 amounted to $1,399,000 compared to $1,791,000 for the year ended June 30, 2019, and $1,768,000 for the year ended June 30, 2018. Of this amount, $346,000 was for general appropriations from the University and $325,000 for indirect administrative support from the University. It also included $522,000 of private contributions and $205,000 from other income, which is from underwriting from corporate support.

Pension Expense – Pension expense for the year ended June 30, 2020 amounted to $(1,466,000) compared to $561,000 for the year ended June 30, 2019, and $619,000 for the year ended June 30, 2018.

OPEB Expense – For the year ended June 30, 2020, the Station recorded $(294,000) of OPEB expense. For the year ended June 30, 2019, the Station recorded $124,000 of OPEB expense. For the year ended June 30, 2018, the Station recorded $18,000 of OPEB expense.

Statements of Cash Flows

Another important factor to consider when evaluating financial viability is the Station's ability to meet financial obligations as they mature. The Statements of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities. The Statements of Cash Flows also helps financial statement readers assess the Station's ability to generate future net cash flows and the Station's need for external financing.

Statement of Cash Flows

	2020	2019	2018
Cash provided by (used in):			
Operating activities	$ (759,000)	$ (945,000)	$ (1,240,000)
Noncapital financing activities	1,076,000	1,195,000	1,127,000
Capital and related financing activities	(39,000)	(96,000)	(14,000)
Net increase (decrease) in cash	278,000	154,000	(127,000)
Cash – beginning of year	368,000	214,000	341,000
Cash – end of year	$ 646,000	$ 368,000	$ 214,000

Major sources of funds included in operating activities were Federal grants and contracts of $316,000 for the year ended June 30, 2020, compared to $310,000 and $204,000 for the years ended June 30, 2019 and 2018. The largest cash payments for operating activities in 2020 were $580,000 to employees and $495,000 to suppliers. Comparative amounts for the years ended June 30, 2019 and 2018 were $657,000 and $676,000 to employees and $600,000 and $769,000 to suppliers respectively.

For the year ended June 30, 2020, the largest cash inflow is contributions received of $522,000 compared to $486,000 and $414,000 in 2019 and 2018, respectively.

Factors Impacting Future Periods

Management is keeping an eye on mid to long term financial impacts of the Coronavirus pandemic. Additional external economic forces such as a potential economic recession could affect business underwriting and membership. Implementation of a 5-year strategic plan is moving forward. A reduction in capital expenses is expected following the replacement of two of four main transmitters in the broadcast chain. A reduction in funding from licensee and the Corporation for Public Broadcasting could also impact the station.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	$ 645,532	$ 367,821
Investments	68,802	69,437
Accounts receivable, net	35,925	51,222
Prepaid expense	7,434	-
Total current assets	757,693	488,480
Capital assets, net	160,250	175,854
Deferred outflows		
KERS/KTRS pension	116,620	198,587
KERS/KTRS OPEB	22,227	43,051
Total deferred outflows	138,847	241,638
Total assets and deferred outflows	$ 1,056,790	$ 905,972
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	$ 5,300	$ 19,541
Accrued salaries and benefits	22,624	15,876
Unearned revenue	258,308	230,079
Total current liabilities	286,232	265,496
Noncurrent liabilities		
Net pension liability	629,152	2,107,373
Net OPEB liability	104,340	379,067
Total noncurrent liabilities	733,492	2,486,440
Total liabilities	1,019,724	2,751,936
Deferred inflows		
KERS/KTRS pension	454,022	524,133
KERS/KTRS OPEB	49,704	89,626
Total deferred inflows	503,726	613,759
Total liabilities and deferred inflows	1,523,450	3,365,695
Net position		
Net investment in capital assets	160,250	175,854
Unrestricted	(626,910)	(2,635,577)
Total net position	(466,660)	(2,459,723)
Total liabilities, deferred inflows and net position	$ 1,056,790	$ 905,972

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Federal grants and contracts	$ 272,430	$ 90,592
OPERATING EXPENSES		
Program services		
Programming and production	255,981	335,918
Broadcasting	315,374	439,834
Supporting services		
Management and general	600,018	817,951
Fundraising and membership development	144,523	165,261
Underwriting and grant solicitation	68,638	91,879
Depreciation	54,327	46,603
Pension expense adjustment	(1,466,364)	561,067
OPEB expense adjustment	(293,826)	123,677
Total operating expenses	(321,329)	2,582,190
Operating income (loss)	593,759	(2,491,598)
NONOPERATING REVENUES		
General appropriation from Eastern Kentucky University	346,275	400,627
Indirect administrative support	324,473	594,267
Contributions	521,896	486,312
Other income	205,298	306,850
Interest income	1,997	1,942
Unrealized gain (loss) on investments	(635)	1,240
Total net nonoperating revenues	1,399,304	1,791,238
Increase (decrease) in net position	1,993,063	(700,360)
Net position, beginning of year	(2,459,723)	(1,759,363)
Net position, end of year	$ (466,660)	$ (2,459,723)

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Grants and contracts received	$ 315,956	$ 310,492
Payments to suppliers	(495,220)	(600,310)
Payments for salaries and benefits	(579,767)	(655,548)
Net cash from operating activities	(759,031)	(945,366)
Cash flows from noncapital financing activities		
General appropriation from Eastern Kentucky University and other income	346,275	400,627
Contributions received	521,896	486,312
Other	207,294	308,742
Net cash from noncapital financing activities	1,075,465	1,195,681
Cash flows from capital and related financing activities		
Purchase of capital assets	(38,723)	(96,431)
Change in cash	277,711	153,884
Cash, beginning of year	367,821	213,937
Cash, end of year	$ 645,532	$ 367,821
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	$ 593,759	$ (2,491,598)
Indirect administrative support	324,473	594,267
Depreciation	54,327	46,603
Changes in operating assets and liabilities:		
Accounts receivable	15,297	27,590
Accounts payable	(14,241)	(23,809)
Prepaid expenses	(7,434)	-
Accrued salaries and benefits	6,749	(3,064)
Unearned revenue	28,229	219,900
Net pension liability	(1,478,221)	75,143
Net OPEB liability	(274,727)	19,858
Deferred inflows	(110,033)	337,938
Deferred outflows	102,791	251,806
Net cash flows used in operating activities	$ (759,031)	$ (945,366)

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation: WEKU-FM Radio (the "Station") is a radio station operated by Eastern Kentucky University (the "University").

Basis of Accounting and Financial Statement Presentation: The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

The financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Eastern Kentucky University and Eastern Kentucky University Foundation, Inc. (the "Foundation") that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University or the Foundation as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Operating revenues and expenses include exchange transactions and program-specific, government mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program-specific, such as University appropriations, indirect administrative support, contributions and investment income are included in nonoperating revenues. The Station first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

Cash: For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and Eastern Kentucky University Foundation, Inc. Details of accounting transactions affecting cash are maintained by each entity.

The University currently uses commercial banks and the Commonwealth as depositories. Deposits with commercial banks are covered by Federal depository insurance or collateral held by the University's agent in the University's name. At the Commonwealth level, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth pooled deposits are substantially covered by Federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name.

Investments: Station investments are held by the Foundation. Assets held by the Foundation are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

Accounts Receivable: Accounts receivable consist primarily of grants, contracts and underwriting. Accounts receivable are recorded net of estimated uncollectible amounts of $35,624 and $22,337 as of June 30, 2020 and 2019, respectively. Estimated uncollectible amounts are determined by considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the condition of the general economy and the industry as a whole.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are stated at cost at the date of acquisition or, in the case of gifts, at acquisition value at the date of the gift. Capital assets with a unit cost of $5,000 or greater are capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, 5–50 years for buildings, antenna, and tower and 5–15 years for equipment and furniture.

Unearned Revenues: Unearned revenues include amounts received from grants, contracts and underwriting that have not yet been earned.

Pensions and Other Postemployment Benefits (OPEB): For purposes of measuring the net pension and OPEB liabilities, deferred outflows and inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement system (KTRS) and the Kentucky Employees Retirement System (KERS) and additions to /deductions from KTRS' and KERS' fiduciary net position have been determined on the same basis as they are reported by KTRS and KERS. 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.

Deferred Outflows and Inflows of Resources: Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the Station's financial statements consist of the unamortized deferred refunding loss balance, pension and OPEB contributions made after the measurement date and KTRS and KERS pension and OPEB related unamortized balances. Deferred inflows consist of the KTRS and KERS pension and OPEB related unamortized balances.

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

Net Investment in Capital Assets – Capital assets, net accumulated depreciation and any outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Unrestricted – Net position that does not meet the definitions of net investment in capital assets or restricted.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has incurred expenditures in compliance with the specific restrictions. Unrestricted pledges are reported as revenue when the pledged contributions are received.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions and Contributed Services: The estimated fair value of contributed services and property are recorded as revenues and expenses in the period received.

Functional Allocation of Expenses: The costs, other than depreciation, of providing the various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

Adoption of New Accounting Pronouncements: During fiscal year 2019, the Station adopted the following accounting pronouncements:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued to provide temporary relief to governments as a result of the COVID-19 pandemic. This statement was effective immediately and postponed the required implementation dates of certain statements and implementation guides.

Recent Accounting Pronouncements - As of June 30, 2020, the GASB has issued the following statements not yet implemented by the Station.

- GASB Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2019.
- GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* effective for periods beginning after December 15, 2020.
- GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2019.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021.
- GASB Statement No. 92, *Omnibus 2020*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 97, *Certain Component Units Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for periods beginning after June 15, 2021.

The Station's management has not yet determined the effect these statements will have on the Station's financial statements.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications - Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net position or total net position.

Business Disruption - In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has impacted economic activity and financial markets globally. The continued spread of the disease represents a risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the Station and the University will depend on future developments, which are still highly uncertain and cannot be predicted. As a result of the COVID-19 pandemic, in May 2020 the Station received a one-time emergency COVID-19 grant in the amount of $112,136 from the federal government for public radio to replace funding losses from direct community sources. The grant is unrestricted in nature with no expenditure period. The Station recognized the revenue as of June 30, 2020. In February 2021, the Station applied for and received a Paycheck Protection Program (PPP) Loan from the Small Business Administration (SBA) in the amount of $129,415.

NOTE 2 – TAX STATUS

The Station is operated by the University and is exempt from Federal and Kentucky income taxes and from property taxes levied by any taxing body as part of a governmental entity.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	July 1, 2019	Additions	Disposals	June 30, 2020
Assets:				
Buildings, antenna and tower	$ 336,007	$ 38,723	$	$ 374,730
Studio, broadcasting equipment and furniture	212,706	-		212,706
	548,713	38,723		587,436
Less accumulated depreciation:				
Buildings, antenna and tower	(166,574)	(47,907)		(214,481)
Studio, broadcasting equipment and furniture	(206,285)	(6,420)		(212,705)
	(372,859)	(54,327)		(427,186)
Capital assets – net	$ 175,854	$ (15,604)	$ -	$ 160,250

(Continued)

NOTE 3 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2019 is as follows:

	July 1, 2018	Additions	Disposals	June 30, 2019
Assets:				
Buildings, antenna and tower	$ 306,676	$ 96,431	$ (67,100)	$ 336,007
Studio, broadcasting equipment and furniture	212,706	-	-	212,706
	519,382	96,431	(67,100)	548,713
Less accumulated depreciation:				
Buildings, antenna and tower	(196,701)	(36,973)	67,100	(166,574)
Studio, broadcasting equipment and furniture	(196,655)	(9,630)	-	(206,285)
	(393,356)	(46,603)	67,100	(372,859)
Capital assets – net	$ 126,026	$ 49,828	$ -	$ 175,854

NOTE 4 – COMPENSATED ABSENCES

University employees, including Station employees, begin to accumulate annual vacation allocations from the beginning date of employment; however, accrued vacation is not granted until three months of employment have been completed. The maximum accumulation of vacation leave is limited to the number of days that can be accumulated in two years, based on the length of service. Employees are paid their accumulated vacation upon termination, subject to certain limitations.

University policy permits most employees to accumulate vacation that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized when vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay in effect and related benefit costs at the Statement of Net Position date. The balance at June 30, 2020 and 2019 was approximately $20,400 and $12,500, respectively, and is recorded as part of the accrued salaries and benefits.

NOTE 5 – RELATED PARTIES

The Station receives support from the University in the form of a variety of provided services. For the years ended June 30, 2020 and 2019, these amounts totaled approximately $671,000 and $995,000, respectively. Continuation of University support is fundamental to the operations of WEKU.

(Continued)

NOTE 6 – RISK MANAGEMENT

The Station is an operating unit of the University. The Station and University are exposed to various risks of loss from torts, theft of, damage to or destruction of assets, business interruption, workers' compensation, employee injuries and illnesses, natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks, other than employee health. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth, the Kentucky Board of Claims handles tort claims on behalf of the University.

NOTE 7 – CONTINGENCIES

The Station is subject to certain claims and lawsuits that arise in the normal course of business. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Station in connection with its legal proceedings will not have a material adverse effect on the financial position or the results of operations of the Station.

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Kentucky Teachers' Retirement System

All Station employees are employees of the University and participate in certain State pension plans. The Station calculates its share of the net pension and OPEB liabilities, associated deferred outflows of resources and deferred inflows of resources and pension and OPEB expense based on their employer contributions to the plan as a percentage of the total University contributions for each respective plan.

Plan Description - All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System (KTRS), a cost sharing - multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service.

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling (502) 573-3266, or visiting the website at http://ktrs.ky.gov.

Basis of Accounting - For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement System of the State of Kentucky (KTRS) and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Pension Plan Information

Pension Benefits Provided - The information below summarizes the major retirement benefit provisions of KTRS plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

	Tier 1 Participation Prior to July 1, 2008	**Tier 2** Participation on or After July 1, 2008
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2020 and 2019, University employees were required to contribute 7.625% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.87% (14.06% allocated to pension, 1.78% allocated to medical insurance and 0.03% allocated to life insurance) of covered payroll for the fiscal years ended June 30, 2020 and 2019. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2020 and 2019. Total current year contributions recognized by the Plan were $8,377,516 ($7,144,522 related to pension and $1,232,944 related to OPEB) for the year ended June 30, 2020. For the year ended June 30, 2019, total contributions recognized by the Plan were $8,394,108 ($7,148,090 related to pension and $1,245,861 related to OPEB). The OPEB contributions amount does not include the implicit subsidy. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled $7,667,694 and $6,567,954, respectively, for the years ended June 30, 2020 and 2019. The Station's total contributions to KTRS for the years ended June 30, 2020 and 2019 were $34,555 ($30,624 related to pension and $3,931 related to OPEB) and $27,971 ($24,789 related to pension and $3,182 related to OPEB), respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020 and 2019, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

	2020	2019
University's proportionate share of the net pension liability	$ 86,450,077	$ 97,174,796
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	93,677,114	72,297,288
	$ 180,127,191	$ 169,472,084
Station's proportionate share of the University net pension liability	$ 302,853	$ 180,173

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The net pension liability was measured as of June 30, 2019 and 2018. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2020 and 2019, University's proportion was 0.66% and 0.71%, respectively, and the Commonwealth of Kentucky's proportion associated with the University was 0.71% and 0.53%, respectively. The Station's proportion of the University NPL was based on the Station employees' share of contributions to the pension plan relative to the contributions of all University employees. That proportion was 0.35% and 0.19% as of June 30, 2020 and 2019, respectively, and the Station's proportion of the total plan was 0.032% and 0.0013%, respectively.

For the years ended June 30, 2020 and 2019, the University was allocated pension expense of $(45,372,454) and $(530,192) and revenue of $9,320,311 and $8,410,279, respectively. For the years ended June 30, 2020 and 2019, the Station recognized pension expense of $209,232 and $140,989 and revenue of $32,651 and $15,594.

At June 30, 2020 and 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Net difference between projected and actual earnings on investments	$ -	$ 2,541
Change in assumptions	25,667	161,266
Differences between expected and actual experience	903	19,321
Changes in proportionate share of contributions	15,271	182,599
	41,841	365,727
Contributions subsequent to the measurement date	30,624	-
	$ 72,465	$ 365,727
2019		
Net difference between projected and actual earnings on investments	$ -	$ 4,453
Change in assumptions	30,352	143,768
Differences between expected and actual experience	1,460	18,157
Changes in proportionate share of contributions	16,312	113,246
	48,124	279,624
Contributions subsequent to the measurement date	24,789	-
	$ 72,913	$ 279,624

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

At June 30, 2020 and 2019, the Station reported $30,624 and $24,789 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2020, related to pensions will be recognized in pension expense as follows:

2021	$ (164,043)
2022	(111,072)
2023	(44,787)
2024	(3,984)
	$ (323,886)

Actuarial assumptions - *The total pension liability in the June 30, 2019 and 2018 measurement was determined by using the following actuarial valuations, applied to all periods included in the measurement:*

Actuarial valuation date	June 30, 2018 and 2017
Inflation	3.00%
Salary increases	3.50% - 7.30%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Municipal bond index rate	3.50% and 3.89%
Single equivalent interest rate	7.50%

The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward 2 years for males and 1 year for females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015 adopted by the KTRS Board on November 19, 2016.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The long-term expected return on the plan was determined using a log-normal distribution analysis 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 weighing 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 are summarized in the following table:

	June 30, 2019	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40%	4.2%
Non U.S. Equity	22%	5.2%
Fixed Income	15%	1.2%
Additional Categories*	8%	3.2%
Real Estate	6%	3.8%
Private Equity	7%	6.3%
Cash	2%	0.9%
Total	100.0%	

	June 30, 2018	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40%	4.2%
Non U.S. Equity	22%	5.2%
Fixed Income	15%	1.2%
Additional Categories*	8%	3.3%
Real Estate	6%	3.8%
Private Equity	7%	6.3%
Cash	2%	0.9%
Total	100.0%	

*Includes hedge funds, high yield and non U.S. developed bonds

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The total pension liability as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.89 percent to 3.50 percent. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2019.The total pension liability as of June 30, 2018 reflects the assumed municipal bond index rate increase from 3.56% to 3.89%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.49% to 7.50%. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2018.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the University reporting date that are expected to have a significant effect on the University's proportionate share of the collective net pension liability.

Discount rate - The discount rate used to measure the TPL was 7.50 percent at June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, at the June 30, 2019 measurement date, 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 the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability of the Station as of June 30, 2020, calculated using the discount rate, as well as what the Station's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
The Station's proportionate share of net pension liability (*in thousands*)	$ 386	$ 303	$ 232

The following presents the Station's proportionate share of the net pension liability (in thousands) calculated using a discount rate 1% higher and 1% lower than the current rate as of June 30, 2019:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
The Station's proportionate share of net pension liability (*in thousands*)	$ 231	$ 180	$ 137

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Medical Insurance Plan

Plan Description - In addition to the OPEB benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions - In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. For the years ended June 30, 2020 and 2019, the University contributed $1,217,152 and $1,230,145 to the KTRS medical insurance plan. The Station's contributions for the years ended June 30, 2020 and 2019 were $3,866 and $3,135, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020 and 2019, the University reported a liability of $21,503,000 and $25,293,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2019 and 2018. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2018 and 2018, the University's proportion was 0.73% and 0.73% and the Commonwealth of Kentucky's proportion associated with the University was .36% for both years. The Station's proportion of the University's net OPEB liability was based on the Station employees' share of contributions of all University employees. That proportion was 0.24% and 0.16% as of June 30, 2020 and 2019, respectively, and the Station's proportion of the total plan was and 0.001% for both years.

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

	2020	2019
University's proportionate share of the net OPEB liability	$ 21,503,000	$ 25,293,000
State's proportionate share of the net OPEB liability associated with the University	9,592,000	12,379,000
Total	$ 31,095,000	$ 37,672,000
Station's proportionate share of the University net OPEB liability	$ 52,600	$ 40,317

For the years ended June 30, 2020 and 2019, the University was allocated OPEB expense of $773,000 and $1,892,000 and revenue of $320,000 and $869,000 for support provided by the State. For the year ended June 30, 2019 and 2018, the Station recognized OPEB expense of $21,391 and $(5,338) and revenue of $783 and $1,385.

The Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Net difference between projected and actual earnings on OPEB plan investments	$ 223	$ -
Changes of assumptions	1,398	-
Difference between expected and actual experience	-	12,732
Changes in proportion and differences between Station contributions and proportionate share of contributions	431	3,799
	2,052	16,531
Station contributions subsequent to the measurement date	3,897	-
Total	$ 5,949	$ 16,531

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
2019		
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 164
Changes of assumptions	555	-
Difference between expected and actual experience	-	2,066
Changes in proportion and differences between Station contributions and proportionate share of contributions	-	3,035
	555	5,265
Station contributions subsequent to the measurement date	3,135	-
Total	$ 3,690	$ 5,265

Of the total amount reported as deferred outflows of resources related to OPEB, $3,897 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	$ (2,846)
2022	(2,845)
2023	(2,732)
2024	(2,754)
2025	(2,111)
Thereafter	(1,191)
	$ (14,479)

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Actuarial Assumptions - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018 and 2017
Measurement date	June 30, 2019 and 2018
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases	3.50% - 7.20%, including inflation
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	Pre-65: 7.50% and 7.75% decreasing to an ultimate trend rate of 5.00% by FY2024. Post-65: 5.50% and 5.75% decreasing to an ultimate trend rate of 5.00% by FY2021.
Medicare Part B premiums	2.63% and 0.00% increasing to an ultimate rate of 5.00% by FY 2031 and 2030.
Municipal bond index rate	3.50% and 3.89%
Discount rate	8.00%
Single equivalent interest rate	8.00%, net of OPEB plan investment expense, including inflation

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience studies for the University, which covered the five-year period ending June 30, 2015. The remaining actuarial assumptions used in the June 30, 2018 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation. The health care cost trend rate assumption was updated for the June 30, 2018 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

	June 30, 2019		June 30, 2018	
Asset Class	Target Allocation	30 Year Expected Geometric Rate of Return	Target Allocation	30 Year Expected Geometric Rate of Return
Global Equity	58.00%	5.10%	58.00%	4.60%
Fixed Income	9.00%	1.20%	9.00%	1.20%
Real Estate	6.50%	3.80%	5.50%	3.80%
Private Equity	8.50%	6.30%	6.50%	6.30%
Other Additional Categories*	17.00%	3.20%	20.00%	3.30%
Cash (LIBOR)	1.00%	0.90%	1.00%	0.90%
Total	100%		100%	

** Modeled as 50% High Yield and 50% Bank Loans*

Discount Rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the MIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Station's proportionate share of net OPEB liability (MI) (*in thousands*)	$ 43	$ 53	$ 31

	June 30, 2019		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Station's proportionate share of net OPEB liability (MI) (*in thousands*)	$ 32	$ 40	$ 23

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Sensitivity of the University's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the University's proportionate share of the collective net OPEB liability, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	June 30, 2020		
	1% Decrease (6.5% and 4.5% decreasing to 4%)	Current Trend Rate (7.5% and 5.5% decreasing to 5%)	1% Increase (8.5% and 6.5% decreasing to 6%)
The Station's proportionate share of net OPEB liability (MI) (*in thousands*)	$ 30	$ 53	$ 45

	June 30, 2019		
	1% Decrease (6.75% and 4.75% decreasing to 4%)	Current Trend Rate (7.75% and 5.75% decreasing to 5%	1% Increase (8.75% and 6.75% decreasing to 6%)
The Station's proportionate share of net OPEB liability (MI) (*in thousands*)	$ 22	$ 40	$ 33

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010. This change occurred in the prior year, while there were no other changes in the current year.

Changes to assumptions or other inputs – Updated health care trend rates were implemented.

Life Insurance Plan

Plan Description – Life Insurance Plan – KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the life insurance plan may be made by the KTRS Board of Trustees and the General Assembly.

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Contributions - In order to fund the post-retirement life insurance benefit, 0.03% of the gross annual payroll of members is contributed by the state. In addition, the University contributes 0.04% of each participant covered compensation. For the years ended June 30, 2020 and 2019, the University contributed $15,842 and $15,873 to the KTRS life insurance plan. The Station's contributions were $65 and $59 for the years ended June 30, 2020 and 2019, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB At June 30, 2020 and 2019, the University reported a liability of $498,000 and $457,000 for its proportionate share of the collective net OPEB liability, respectively. The collective net OPEB liability was measured as of June 30, 2019. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2020 and 2019, the University's proportion was 1.61% and 1.62%. The Station's proportion of the University's net OPEB liability was based on the Station employees' share of contributions to the Plan relative to the contributions of all University employees. That proportion was 0.25% and 0.25% as of June 30, 2020 and 2019, respectively, and the Station's proportion of the total plan was 0.004% for both years.

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

	2020	2019
University's proportionate share of the net OPEB liability	$ 498,000	$ 457,000
State's proportionate share of the net OPEB liability associated with the University	-	-
Total	$ 498,000	$ 457,000
Station's proportionate share of the University net OPEB liability	$ 1,246	$ 1,130

For the years ended June 30, 2020 and 2019, the University was allocated OPEB expense of $87,000 and $75,000. For the years ended June 30, 2020 and 2019, the Station recognized OPEB expense of $265 and $137. The Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Net difference between projected and actual earnings on OPEB plan investments	$ 261	$ -
Changes of assumptions	-	-
Difference between expected and actual experience	-	30
Changes in proportion and differences between Station contributions and proportionate share of contributions	-	38
	261	68
Station contributions subsequent to the measurement date	65	-
Total	$ 326	$ 68

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 309	$ -
Changes of assumptions	-	-
Difference between expected and actual experience	-	24
Changes in proportion and differences between Station contributions and proportionate share of contributions	-	30
	309	54
Station contributions subsequent to the measurement date	59	-
Total	$ 368	$ 54

Of the total amount reported as deferred outflows of resources related to OPEB, $65 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	$ 93
2022	93
2023	43
2024	5
2025	(13)
Thereafter	(28)
	$ 193

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018 and 2017
Measurement Date	June 30, 2019 and 2018
Investment rate of return	7.50% net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.50% and 3.89% for 2018 and 2017
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

Changes in assumptions or benefit terms as of June 30, 2020 included a change to the investment rate of returns, municipal bond index rate, discount rate, and single equivalent interest rate noted in the table above.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

	June 30, 2019		June 30, 2018	
Asset Class*	Target Allocation	30 Year Expected Geometric Rate of Return	Target Allocation	30 Year Expected Geometric Rate of Return
U.S. Equity	40.00%	4.30%	40.00%	4.20%
International Equity	23.00%	5.20%	23.00%	5.20%
Fixed Income	18.00%	1.20%	18.00%	1.20%
Real Estate	6.00%	3.80%	6.00%	3.80%
Private Equity	5.00%	6.30%	5.00%	6.30%
Other Additional Categories**	6.00%	3.20%	6.00%	3.30%
Cash (LIBOR)	2.00%	0.90%	2.00%	0.90%
Total	100%		100%	

** As the life insurance plan investment policy is subject to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return. ** Modeled as 50% High Yield and 50% Bank Loans.*

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate - The following tables present the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
The Station's proportionate share of net OPEB liability (LI)	$ 1,843	$ 1,247	$ 766

	June 30, 2019		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
The Station's proportionate share of net OPEB liability (LI)	$ 1,721	$ 1,130	$ 646

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KTRS financial report.

Kentucky Employees Retirement System

Plan Description – The University contributes to the Kentucky Employees' Retirement System (KERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System (KRS), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees ("KRS Board") of KRS administers the KERS, County Employees Retirement System and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630.

More specifically, within KERS, Station employees of Eastern Kentucky University participate in the non-hazardous portion of the plan, which covers all regular full-time members employed in non-hazardous duty positions of any state department, board, or agency directed by executive order to participate in KERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Basis of Accounting – For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of KERS and additions to/deductions from KERS's fiduciary net position have been determined on the same basis as they are reported by KERS. 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.

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-Hazardous plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Non-Hazardous

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/13	Tier 3 Participation 1/1/2014
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/13	Tier 3 Participation 1/1/2014
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

OPEB Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-Hazardous and plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of $10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal years ended June 30, 2020 and 2019, participating employers in the Nonhazardous plan contributed 49.47% (41.06% allocated to pension and 8.41% allocated to OPEB) as set by KRS, respectively, of each Nonhazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings. The University met 100% of the contribution funding requirement for the fiscal years ended June 30, 2020 and 2019. Total University contributions recognized by the Plan were $4,943,382 ($4,149,952 related to pension and $793,430 related to OPEB) and $8,186,259, ($6,840,451 related to pension and $1,345,808 related to OPEB) for the years ended June 30, 2020 and 2019. The OPEB contributions amounts do not include the implicit subsidy reported in the amount of $298,290 and $313,722 for the years ended June 30, 2020 and 2019. The Station's total contributions to KERS were $38,904 ($32,290 related to pension and $6,614 related to OPEB) and $16,692 ($13,854 related to pension and $2,838 related to OPEB) for the years ended June 30, 2020 and 2019, respectively.

Members whose participation began before 9/1/2008:

Nonhazardous contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Member entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Nonhazardous contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Members whose participation on or after 1/1/2014

Nonhazardous contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Pension Information

Total Pension Liability: The total pension liability (TPL) for KERS measured as of June 30, 2019 and 2018 was determined using the actuarial valuation as of June 30, 2018 and 2017. This valuation used the following actuarial methods and assumptions applied to all prior periods included in the measurement:

Valuation date	June 30, 2018 and 2017 (rolled forward)
Experience study	July 1, 2013 – June 30, 2018
Actuarial cost method	Entry age normal
Amortization period	Level percentage payroll, closed
Remaining amortization period	25 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increase	3.55% to 19.55%, varies by service
Investment rate of return	5.25 percent

The mortality table used for active members is PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality table, with a 4-year set forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

(a) **Discount Rate**: The discount rate used to measure the total pension liability was 5.25%, which remained the same from prior year.

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

(c) **Long-Term Rate of Return**: The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

(d) **Municipal Bond Rate**: The discount rate determination does not use a municipal bond rate.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

(e) **Periods of Projected Benefit Payments**: The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	June 30, 2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	15.75%	4.30%
Non-US Equity	15.75	4.80
Private Equity	7.00	6.65
Specialty Credit/High Yield	15.00	2.60
Core Bonds	20.50	1.35
Cash	3.00	0.20
Real Estate	5.00	4.85
Opportunistic/Absolute Return	3.00	2.97
Real Return	15.00	4.10
Total	100.0%	3.52%

	June 30, 2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	8.50%	4.50%
US Mid Cap	5.00	4.50
US Small Cap	4.00	5.50
International Developed	12.50	6.50
Emerging Markets	5.00	7.25
Global Bonds	10.00	3.00
Global Credit	10.00	3.75
High Yield	3.00	5.50
Emerging Market Debt	4.00	6.00
Real Estate	5.00	7.00
Absolute Return	10.00	5.00
Real Return	10.00	5.00
Private Equity	10.00	6.50
Cash	3.00	1.50
Total	100.0%	5.13%

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 5.25% based on a blending of the factors described above.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

(g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Station's allocated portion of the Non-hazardous net pension liability ("NPL") of the System, calculated using the discount rate, as well as what the Station's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The Station's proportionate share of net pension liability *(in thousands)*	$ 374	$ 326	$ 287

	June 30, 2019		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The Station's proportionate share of net pension liability *(in thousands)*	$ 2,196	$ 1,927	$ 1,704

Employer's Portion of the Collective Net Pension Liability: The University's proportionate share of the Non-hazardous net pension liability, as indicated in the prior table, is $152,149,362, or approximately 1.08% as of June 30, 2020 and $197,365,884, or 1.45% as of June 30, 2019. The net pension liabilities were distributed based on 2019 and 2018 actual employer contributions to the plan. The Station's proportion of the University's NPL was based on the Station employees' share of contributions to the pension plan relative to the contributions of all University employees. That proportion was $326,299 and $1,927,200, or 0.21% and 0.98%, as of June 30, 2020 and 2019, respectively, and the Station's proportion of the total plan was 0.002% and 0.014%, respectively.

Measurement Date: June 30, 2019 is the actuarial valuation date and measurement date upon which the total pension liabilities are based.

Changes in Assumptions and Benefit Terms: The KERS Board of Trustees adopted new actuarial assumptions based on an actuarial experience study for the period ending June 30, 2018. Key assumption changes include an increase to the salary increase assumptions for individual members and replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the KERS nonhazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation. House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the KERS non-hazardous system to contribute less than the actuarially determined

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution education, determining the KERS non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the KERS non-hazardous system were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same contribution rate.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Pension Expense: The University was allocated pension expense of $(16,208,358) and $14,424,374 related to the KERS Non-Hazardous for the years ended June 30, 2020 and 2019, respectively. For the year ended June 30, 2020 and 2019, the Station recognized pension expense $(1,675,596) and $702,056.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. At June 30, 2020 and 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Net difference between projected and actual earnings on investments	$ -	$ -
Change in assumptions	9,935	-
Differences between expected and actual experience	1,930	-
Changes in proportionate share of contributions	-	88,295
	11,865	88,295
Contributions subsequent to the measurement date	32,290	-
	$ 44,155	$ 88,295
2019		
Net difference between projected and actual earnings on investments	$ 1,840	$ -
Change in assumptions	84,225	-
Differences between expected and actual experience	13,727	5,390
Changes in proportionate share of contributions	12,028	239,119
	111,820	244,509
Contributions subsequent to the measurement date	13,854	-
	$ 125,674	$ 244,509

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $32,290 will be recognized as a reduction of net pension liability in the year ending June 30, 2021. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2021	$ (54,139)
2022	(22,059)
2023	(213)
2024	(19)
	$ (76,430)

Pension Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

OPEB Information

Total OPEB Liability: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018 and 2017 (rolled forward)
Measurement date	June 30, 2019 and 2018
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30% to 15.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	
Pre-65	7.00% beginning January 1, 2020, decreasing to an ultimate trend rate of 4.05% over 12 years.
Post-65	5.00%, beginning January 1, 2020, decreasing to an ultimate trend rate of 4.05% over 10 years.

The mortality table used for active members is PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.73%, which was decreased from the 5.86% discount rate used in the prior year.

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability.

(c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) **Municipal Bond Rate**: The discount rate determination used a municipal bond rate of 3.13% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2019.

(e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(f) **Assumed Asset Allocations**: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	June 30, 2020	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	18.75 %	4.30 %
Non-US Equity	18.75	4.80
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	2.60
Core Bonds	13.50	1.35
Cash	1.00	0.20
Real Estate	5.00	4.85
Opportunistic	3.00	2.97
Real Return	15.00	4.10
Total	100.0%	

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Asset Class	Target Allocation	June 30, 2019 Long-Term Expected Real Rate of Return
US Large Cap	5.00%	4.50%
US Mid Cap	6.0	4.50
US Small Cap	6.5	5.50
International Developed	12.5	6.50
Emerging Markets	5.0	7.25
Global Bonds	4.0	3.00
Global Credit	2.0	3.75
High Yield	7.0	5.50
Emerging Market Debt	5.0	6.00
Illiquid Private	10.0	8.50
Real Estate	5.0	9.00
Absolute Return	10.0	5.00
Real Return	10.0	7.00
Private Equity	10.0	6.50
Cash	2.0	1.50
Total	100.0%	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

Sensitivity Analysis - This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents the Station's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the discount rate, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

	June 30, 2020		
	1% Decrease (4.73%)	Current Discount Rate (5.73%)	1% Increase (6.73%)
The Station's proportionate share of net OPEB liability *(in thousands)*	$ 60	$ 50	$ 43

	June 30, 2019		
	1% Decrease (4.86%)	Current Discount Rate (5.86%)	1% Increase (6.86%)
The Station's proportionate share of net OPEB liability *(in thousands)*	$ 364	$ 338	$ 289

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The following presents the Station's allocated portion of the Non-hazardous net OPEB liability of the system, calculated using the healthcare cost trend rate, as well as what the Station's allocated portion of the system's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

	June 30, 2020		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The Station's proportionate share of net OPEB liability *(in thousands)*	$ 43	$ 50	$ 60

	June 30, 2019		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The Station's proportionate share of net OPEB liability *(in thousands)*	$ 287	$ 338	$ 398

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is $23,947,615, or approximately 1.07% as of June 30, 2020, and $34,368,478, or approximately 1.45% as of June 30, 2019. The net OPEB liabilities were distributed based on 2019 and 2018 actual employer contributions to the plan. The Station's proportion of the University's OPEB liability was based on the Station employees' share of contributions to the OPEB plan relative to the contributions of all University employees. That proportion was $50,494 or 0.20% as of June 30, 2020, and $337,620 or 0.98% as of June 30, 2019, and the Station's proportion of the total plan was 0.002% and 0.014%, respectively.

Measurement Date: June 30, 2018 is the actuarial valuation date and for the June 30, 2019 and 2018 measurement date upon which the total OPEB liabilities are based.

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total OPEB Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The University was allocated OPEB expense of $(1,363,859) and $1,915,256 related to the KERS Non-Hazardous for the years ended June 30, 2020 and 2019. The Station recognized OPEB expense of $(315,482) and $128,878 for the years ended June 30, 2020 and 2019, respectively.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Net difference between projected and actual earnings on investments	$ 214	$ 545
Change of assumptions	6,622	152
Difference between expected and actual experience	-	8,054
Changes in proportion and differences between Station employer contributions and proportionate shares of contributions	-	24,354
	6,836	33,105
Station contributions subsequent to the measurement date	9,116	-
Total	$ 15,952	$ 33,105
2019		
Net difference between projected and actual earnings on investments	$ -	$ 4,915
Change of assumptions	36,155	1,268
Difference between expected and actual experience	-	21,912
Changes in proportion and differences between Station employer contributions and proportionate shares of contributions	-	56,212
	36,155	84,307
Station contributions subsequent to the measurement date	2,838	-
Total	$ 38,993	$ 84,307

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $9,116 ($6,614 related to contributions and $2,502 related to the implicit subsidy) will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2021	$ (7,091)
2022	(7,091)
2023	(8,347)
2024	(3,740)
	$ (26,269)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plans' fiduciary net position is available in the separately issued OPEB plan financial reports.

Summary Pension and OPEB Plan Information:

Summary Pension Plan Information as of June 30, 2020:

	KERS	KTRS	Total
Net pension liability	$ 326,299	$ 302,853	$ 629,152
Deferred outflows of resources	44,155	72,465	116,620
Deferred inflows of resources	88,295	365,727	454,022
Pension expense	(1,675,596)	209,232	(1,466,364)

Summary Pension Plan Information as of June 30, 2019:

	KERS	KTRS	Total
Net pension liability	$ 1,927,200	$ 180,173	$ 2,107,373
Deferred outflows of resources	125,674	72,913	198,587
Deferred inflows of resources	244,509	279,624	524,133
Pension expense	702,056	(140,989)	561,067

Summary OPEB Plan Information as of June 30, 2020:

	KERS	KTRS	Total
Net OPEB liability	$ 50,494	$ 53,846	$ 104,340
Deferred outflows of resources	15,952	6,275	22,227
Deferred inflows of resources	33,105	16,599	49,704
OPEB expense	(315,482)	21,656	(293,826)

(Continued)

NOTE 8 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Summary OPEB Plan Information as of June 30, 2019:

	KERS	KTRS	Total
Net OPEB liability	$ 337,620	$ 41,447	$ 379,067
Deferred outflows of resources	38,993	4,058	43,051
Deferred inflows of resources	84,307	5,319	89,626
OPEB expense	128,878	(5,201)	123,677

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
June 30, 2020, 2019, 2018, 2017, 2016 and 2015

KERS	2020	2019	2018	2017	2016	2015
Station's proportion of the net pension liability	0.0023%	0.0142%	0.0122%	0.0094%	0.0068%	0.0056%
Station's proportionate share of the pension liability	$ 326,299	$ 1,927,200	$ 1,634,031	$ 1,071,122	$ 678,285	$ 501,312
Station's covered payroll	$ 100,426	$ 351,161	$ 293,228	$ 228,198	$ 243,069	$ 169,064
Station's proportionate share of the net pension liability as a percentage of its covered payroll	324.91%	548.81%	557.26%	469.38%	279.05%	296.52%
Plan fiduciary net position as a percentage of the total pension liability	13.66%	12.84%	13.30%	14.80%	22.32%	22.32%
KTRS						
Station's proportion of the net pension liability	0.0320%	0.0013%	0.0014%	0.0017%	0.0019%	-
Station's proportionate share of the net pension liability	$ 302,853	$ 180,173	$ 398,199	$ 528,641	$ 452,298	$ -
Station's covered payroll	$ 320,935	$ 154,469	$ 183,229	$ 127,963	$ 122,865	$ -
Station's proportionate share of the net pension liability as a percentage of its covered payroll	94.37%	116.64%	217.32%	413.12%	368.13%	-
Plan fiduciary net position as a Percentage of the total pension liability	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE STATION'S PENSION CONTRIBUTIONS
June 30, 2020, 2019, 2018, 2017, 2016 and 2015

	2020	2019	2018	2017	2016	2015
KERS						
Contractually required contribution	$ 32,290	$ 13,854	$ 88,838	$ 72,938	$ 46,833	$ 30,536
Contributions in relation to the contractually required contribution	(32,290)	(13,854)	(88,838)	(72,938)	(46,833)	(30,536)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Station's covered payroll	$ 80,783	$ 100,426	$ 351,161	$ 293,228	$ 228,198	$ 243,069
Contributions as a percentage of covered payroll	39.97%	13.80%	25.30%	24.87%	20.52%	12.56%
KTRS						
Contractually required contribution	$ 30,624	$ 24,789	$ 16,368	$ 18,571	$ 11,900	$ -
Contributions in relation to the contractually required contribution	(30,624)	(24,789)	(16,368)	(18,571)	(11,900)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Station's covered payroll	$ 311,337	$ 320,935	$ 154,469	$ 183,229	$ 127,963	$ -
Contributions as a percentage of covered payroll	9.84%	7.72%	10.60%	10.14%	9.30%	-

* This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

Changes of benefit terms and assumptions:

KERS – Non-Hazardous

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015:
- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016: The assumed investment rate of return was decreased from 7.50% to 6.75%.

2017*: Changes in Assumptions and Benefit Terms*: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:
- The assumed investment rate of return was decreased from 6.75% to 5.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Salary growth assumption was reduced from 4.00% to 3.05%.
- Payroll growth assumption was reduced from 4.00% to 0.00%.

2018: *Changes in Assumptions and Benefit Terms*: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 was determined using these updated benefit provisions.

KERS – Non-Hazardous (Continued)

2019:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

KTRS

2015: *Changes of Assumptions:* In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

2016: Since the previous valuation, various economic and demographic assumptions have been revised to reflect the results of the experience investigation for the five-year period ending June 30, 2015. The changes adopted by the Board on September 19, 2016, include various demographic and economic assumptions summarized below:

- Price inflation changed assumed rate from 3.50% to 3.00%.
- Wage inflation changed assumed rate from 4.00% to 3.50%.
- Assumed salary scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages
- Assumed rates of withdrawal, disability, retirement, and mortality have been adjusted to more closely reflect experience.
- The discount rate was changed from 4.88% to 4.20%.

2017: *Changes in Assumptions and Benefit Terms Since Prior Measurement Date* - The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20% to 4.49%. The change in the discount rate is considered a change in actuarial assumptions under GASB 68.

2018: *Changes in Assumptions and Benefit Terms Since Prior Measurement Date* - The total pension liability as of June 30, 2018 reflects the assumed municipal bond index rate increase from 3.56% to 3.89%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.49% to 7.50%. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2018. The total pension liability as of June 30, 2017 reflects the assumed municipal bond index rate increase from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20%to 4.49%. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2017.

2019: *Changes in Assumptions and Benefit Terms Since Prior Measurement Date* - The TPL as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.89 percent to 3.50 percent. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2019.

SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
June 30, 2020, 2019 and 2018

KERS	2020	2019	2018
Station's proportion of the net OPEB Liability	0.002%	0.014%	0.012%
Station's proportionate share of the net OPEB liability	$ 50,494	$ 337,620	$ 309,512
Station's covered payroll	$ 100,426	$ 351,161	$ 293,228
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	50.28%	95.14%	105.55%
Plan fiduciary net position as a percentage of the total OPEB liability	30.92%	27.32%	24.40%

KTRS – Medical Insurance			
Station's proportion of the net OPEB liability	0.0018%	0.0012%	0.0014%
Station's proportionate share of the net OPEB liability	$ 52,600	$ 40,317	$ 48,794
Station's covered payroll	$ 320,935	$ 154,469	$ 183,229
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.39%	26.10%	26.63%
Plan fiduciary net position as a percentage of the total OPEB liability	32.58%	25.50%	21.18%

KTRS – Life Insurance			
Station's proportion of the net OPEB liability	0.0040%	0.0040%	0.0041%
Station's proportionate share of the net OPEB liability	$ 1,247	$ 1,130	$ 903
Station's covered payroll	$ 320,935	$ 154,469	$ 183,229
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.39%	0.73%	0.49%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	79.99%

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
WEKU-FM RADIO
SCHEDULE OF THE STATION'S OPEB CONTRIBUTIONS
June 30, 2020, 2019 and 2018

	2020	2019	2018
KERS			
Contractually required contribution	$ 6,614	$ 2,838	$ 21,593
Contributions in relation to the contractually required contribution	(6,614)	(2,838)	(21,593)
Contribution deficiency (excess)	$ -	$ -	$ -
Station's covered payroll	$ 80,783	$ 100,426	$ 351,161
Contributions as a percentage of covered payroll	8.19%	2.83%	6.15%
KTRS – Medical Insurance			
Contractually required contribution	$ 3,897	$ 3,135	$ 2,066
Contributions in relation to the contractually required contribution	(3,897)	(3,135)	(2,066)
Contribution deficiency (excess)	$ -	$ -	$ -
Station's covered payroll	$ 311,337	$ 320,935	$ 154,469
Contributions as a percentage of covered payroll	1.25%	0.98%	1.34%
KTRS – Life Insurance			
Contractually required contribution	$ 65	$ 59	$ 35
Contributions in relation to the contractually required contribution	(65)	(59)	(35)
Contribution deficiency (excess)	$ -	$ -	$ -
Station's covered payroll	$ 311,337	$ 320,935	$ 154,469
Contributions as a percentage of covered payroll	0.02%	0.02%	0.02%

* This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

KERS

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

2017:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The salary increase assumption was reduced from 4.00% to 3.05%.
- The payroll growth assumption was reduced from 4.00% to 2.00%.

2018: *Changes in Assumptions and Benefit Terms*: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who dies in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

2019:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total OPEB Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

KTRS

2017: *Changes to Benefit Terms*: *Medical Insurance*: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2018: *Changes of benefit terms* – For the Life Insurance Plan, changes in assumptions or benefit terms as of June 30, 2019 included a change to the investment rate of returns, municipal bond index rate, discount rate, and single equivalent interest rate noted in the table above. For the Medical Insurance Plan, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010. This change occurred in the prior year, while there were no other changes in the current year.

2019: *Changes of assumptions – Medical Insurance Plan:* The healthcare cost trend rate for Pre-65 decreased from 7.75 percent to 7.50 percent and Post-65 decreased from 5.75 percent to 5.50 percent. Medicare Part B premiums increased to 2.63 percent from 0.0 percent. The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 3.89 percent to 3.50 percent.