

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
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SEPTEMBER 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Alabama State University

We have audited the accompanying basic financial statements of the WVAS-FM Radio Station of Alabama State University (the Station), as of and for the years ended September 30, 2021 and 2020, 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.

Auditors' 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 audits 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Station as of September 30, 2021 and 2020, and the respective 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 Matter

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 Alabama State University (the University), 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, as of September 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited) on pages 3 through 8 and the supplementary information on pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by accounting principles generally accepted in the United States of America who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Montgomery, Alabama
May 12, 2022

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

Management's Discussion and Analysis

This section of the WVAS-FM Radio Station's (the Station) annual financial report presents a discussion and analysis of the financial performance of the Station during the fiscal years ended September 30, 2021 and 2020. This discussion has been prepared by management along with the financial statements and related footnote disclosures. This report should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change and current known facts. The financial statements footnotes and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

One of the most important questions asked about the Station's finances is whether the Station is better off or worse off as a result of the year's activities. The key to understanding this question is the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The Station's net position is one indicator of the Station's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Station's financial health.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. 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.

Another important factor to consider when evaluating viability is the Station's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

The Station has a basic financial structure that is summarized as follows:

Condensed Financial Information

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 540,040	\$ 294,973
Capital assets, net	4,542	7,000
Deferred outflows	<u>344,952</u>	<u>124,161</u>
Total assets and deferred outflows	<u><u>\$ 889,534</u></u>	<u><u>\$ 426,134</u></u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	\$ 58,457	\$ 36,990
Noncurrent liabilities	810,004	608,755
Deferred inflows	<u>680,261</u>	<u>480,172</u>
Total liabilities and deferred inflows	<u><u>1,548,722</u></u>	<u><u>1,125,917</u></u>
NET POSITION		
Invested in capital assets	4,542	7,000
Restricted:		
Corporation for Public Broadcasting grant activity	31,500	30,673
Unrestricted	<u>(695,230)</u>	<u>(737,456)</u>
TOTAL NET POSITION	<u><u>\$ (659,188)</u></u>	<u><u>\$ (699,783)</u></u>

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Station's bank accounts.

Capital Assets

Capital assets consist of Kilby Hall building space occupied by the Station, the radio tower and equipment used by the Station.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities

Accounts payable represents amounts due at September 30, 2021 and 2020, for goods and services received prior to the end of the fiscal year.

NONCURRENT LIABILITIES

Net Pension Liability

At the end of fiscal year 2021, the Station had a net pension liability of \$507,948. This is a result of the state's actuarial valuation of the Teachers' Retirement System of Alabama. The Station's proportionate share of the net pension liability was 0.00411%.

Postemployment Benefits Other Than Pensions

At the end of fiscal year 2021, the Station had a postemployment benefits other than pensions (OPEB) liability of \$302,056. This is a result of the state's actuarial valuation of the Alabama Public Education Employees' Health Insurance Plan. The Station's proportionate share of the OPEB liability was 0.00465%.

DEFERRED INFLOWS OF RESOURCES

Deferred revenue includes amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement. The amounts, which are deferred, are recognized as revenue in the following fiscal year.

NET POSITION

Net position represents the Station's assets plus deferred outflows of resources, less deferred inflows of resources and liabilities. Total net position at September 30, 2021 is (\$659,188).

Analysis of Net Position

Restricted expendable net position consists of income from grants from the Corporation for Public Broadcasting (the CPB) with expenditure restrictions.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Corporation for Public Broadcasting grants	\$ 113,448	\$ 140,855
Contributions	8,240	31,625
Alabama State University – Direct support	328,630	314,980
Alabama State University – Indirect support	157,483	96,549
	<u>607,801</u>	<u>584,009</u>
Total operating revenues	607,801	584,009
Total operating expenses	<u>567,206</u>	<u>738,664</u>
Total operating income	<u>40,595</u>	<u>(154,655)</u>
Increase in net position	<u>40,595</u>	<u>(154,655)</u>
Net Position		
Net position at beginning of year	<u>(699,783)</u>	<u>(545,128)</u>
Net position at end of year	<u><u>\$ (659,188)</u></u>	<u><u>\$ (699,783)</u></u>

Total operating revenues for fiscal year 2021 were \$607,801. Grants from the CPB were \$113,448, contributions were \$8,240, and contributed support from Alabama State University was \$486,113. Operating expenses, including depreciation of \$2,458, totaled \$567,206. Of this total, \$458,343 or 81% was for management and general expenses.

OPERATING REVENUES

Corporation for Public Broadcasting Grants

This includes all restricted revenues made available by the CPB. Grant revenues are recorded when awarded and received. Unexpended grant funds that are returned to the CPB are expenses.

Contributed Support – Alabama State University

Contributed support includes donated facilities from Alabama State University, such as office and studio space on the University's main campus. Administrative support from the University is also included and consists of allocated institutional support and operation and maintenance of plant costs, estimated as incurred, by the University on behalf of the Station. This support is shown as operating revenue and operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The expense is allocated to the management and general functional category.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

OPERATING EXPENSES

Operating expenses totaling \$567,206 include salaries and benefits of \$383,730, material services of \$181,018 and depreciation of \$2,458.

NONOPERATING REVENUES (EXPENSES)

Contributed support – Alabama State University

This amount consists of capital asset purchased by Alabama State University.

Expenses by Function

	<u>2021</u>	<u>2020</u>
Program Services:		
Programming and production	\$ 81,095	\$ 74,851
Broadcasting, transmission and distribution	25,408	42,296
Program information and promotion	1,000	-
Purchase, rehabilitation and improvement	-	4,320
Supporting Services:		
Fundraising and membership development	1,360	2,458
Management and general	458,343	614,739
Total operating expenses	<u>\$ 567,206</u>	<u>\$ 738,664</u>

STATEMENT OF CASH FLOWS

Another way to assess the financial health of the Station is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Station during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due, and
- A need for external financing

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis (Unaudited)
September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents provided by operating activities	<u>\$ 217,658</u>	<u>\$ 73,035</u>
Net increase in cash and cash equivalents	\$ 217,658	\$ 73,035
Cash and cash equivalents at beginning of year	<u>294,973</u>	<u>221,938</u>
Cash and cash equivalents at end of year	<u>\$ 512,631</u>	<u>\$ 294,973</u>

Direct sources of cash to the Station include grants from the CPB, as well as cash received from private gifts. The Station does not receive cash directly from the University thus the donated facilities and administrative support from the University is reported as a noncash transaction on the Statements of Cash Flows.

Factors Impacting Future Periods

The CPB contributes approximately 19% of general operations. This level of support is one of the key factors influencing the Station's financial condition. The Station does not expect this level of support to change significantly in future years.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Trustees, the CPB, and management of the Station with a general overview of the Station's finances and to show the Station's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Alondrea Pritchett, Associate Vice President for Business and Finance/Comptroller, 915 South Jackson, Montgomery, Alabama 36104, or call 334-229-4737 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020**

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 512,631	\$ 294,973
Due from Alabama State University	27,409	-
Total current assets	540,040	294,973
NONCURRENT ASSETS		
Capital assets, net	4,542	7,000
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	104,036	76,530
Deferred outflows related to OPEB	240,916	47,631
Total deferred outflows of resources	344,952	124,161
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 889,534	\$ 426,134
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 58,457	\$ 36,990
NONCURRENT LIABILITIES		
Net pension liability	507,948	482,991
Postemployment benefits other than pensions	302,056	125,764
Total noncurrent liabilities	810,004	608,755
Total liabilities	868,461	645,745
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	450,083	227,310
Deferred inflows related to pensions	29,265	55,838
Deferred inflows related to OPEB	200,913	197,024
Total deferred inflows	680,261	480,172
Total liabilities and deferred inflows	1,548,722	1,125,917
NET POSITION		
Invested in capital assets	4,542	7,000
Restricted for:		
Corporation for Public Broadcasting grant activity	31,500	30,673
Unrestricted	(695,230)	(737,456)
TOTAL NET POSITION	\$ (659,188)	\$ (699,783)

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Community Service Grant from the Corporation for Public Broadcasting	\$ 113,448	\$ 140,855
Contributions	8,240	31,625
Alabama State University – Direct support	328,630	314,980
Alabama State University – Indirect support	<u>157,483</u>	<u>96,549</u>
Total operating revenues	<u>607,801</u>	<u>584,009</u>
OPERATING EXPENSES		
Program Services:		
Programming and production	81,095	74,851
Broadcasting, transmission and distribution	25,408	42,296
Program information and promotion	1,000	-
Purchase, rehabilitation and improvement	-	4,320
Supporting Services:		
Fundraising and membership development	1,360	2,458
Management and general	<u>458,343</u>	<u>614,739</u>
Total operating expenses	<u>567,206</u>	<u>738,664</u>
Total operating income before other changes in net position	<u>40,595</u>	<u>(154,655)</u>
CHANGE IN NET POSITION	40,595	(154,655)
NET POSITION AT BEGINNING OF YEAR	<u>(699,783)</u>	<u>(545,128)</u>
NET POSITION AT END OF YEAR	<u><u>\$ (659,188)</u></u>	<u><u>\$ (699,783)</u></u>

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Corporation for Public Broadcasting grants	\$ 336,221	\$ 203,722
Cash received from contributions	8,240	31,624
Cash paid to suppliers and employees	(99,394)	(162,311)
Change in assets and liabilities:		
Due from Alabama State University	(27,409)	-
Net cash provided by operating activities	<u>217,658</u>	<u>73,035</u>
INCREASE IN CASH AND CASH EQUIVALENTS	217,658	73,035
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>294,973</u>	<u>221,938</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 512,631</u></u>	<u><u>\$ 294,973</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 40,595	\$ (154,655)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,458	2,858
Net pension liability	(29,122)	91,540
Postemployment benefits other than pensions	(13,104)	41,177
Due from Alabama State University	(27,409)	-
Change in accounts payable	21,467	29,248
Change in unearned revenue	222,773	62,867
Net cash provided by operating activities	<u><u>\$ 217,658</u></u>	<u><u>\$ 73,035</u></u>
NONCASH TRANSACTIONS		
Contributed support – Alabama State University – donated materials, facilities, and administrative support	\$ 486,113	\$ 411,529
Operating expenses	(486,113)	(411,529)

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by WVAS-FM Radio Station of Alabama State University (the Station) are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The Station is a Public Telecommunications Entity operated by Alabama State University (the University) and is licensed under the provisions of the Communications Act of 1934. The accompanying financial statements were prepared based on the combination of various accounts associated with the Station and its related operations and do not present the financial position or changes in financial position of Alabama State University. The Station is dependent upon support from the Corporation for Public Broadcasting, Alabama State University and the public.

Basis of Accounting

The financial statements of the Station are presented using the economic resources measurement focus and the accrual basis of accounting.

The Station has adopted Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. This statement establishes standards for external financial reporting for public colleges and universities. The financial statement presentation provides a comprehensive entity-wide perspective of the Station's net position, revenues, expenses and changes in net position and cash flows.

Revenue Recognition

Operating revenues include grants received from the Corporation for Public Broadcasting. Corporation for Public Broadcasting grants are recognized when awarded and received and all applicable eligibility requirements are met. Eligibility requirements are established by the provider of the funds and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs and other contingencies. Grant funds that are not used during the stated award period are returned to the Corporation for Public Broadcasting and expensed.

Operating revenues from other grants and contracts that do not have eligibility requirements are recognized when the Station is entitled to the funds.

Operating revenues also include contributed support from the University. This amount represents the value of donated services, facilities and the administrative support provided by the University. Contributions in the form of private gifts from individuals are also included in operating revenues.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

Nonoperating revenues represent contributed support from the University in the form of capital assets purchased for the Station and is recognized upon purchase of the assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Station considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand and demand deposits.

Unearned Revenue

Unearned revenue includes amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement. The amounts, which are deferred, are recognized as revenue in the following fiscal year.

Accounts Receivable

Accounts receivable are presented at their net amounts.

Capital Assets

Property, plant and equipment are valued at cost. Donated fixed assets are valued at their estimated value on the date donated. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives by asset category are as follows:

Building	35 years
Tower facility	20 years
Equipment	5–15 years

When property and equipment are disposed of, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in current operations. The Station capitalizes all property and equipment in excess of \$5,000. Maintenance and repairs are expended as incurred.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

The Teachers' Retirement System of Alabama (the Plan or TRS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Postemployment Benefits Other Than Pensions (OPEB)

The Alabama Retired Education Employees' Health Care Trust (Health Care Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust and additions to/deductions from the Health Care Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan.

Deferred Outflows of Resources

Deferred outflows of resources consist of bond deferred refunding amounts, pension obligations and OPEB obligations. Pension obligations include employer contributions to the Teachers' Retirement System subsequent to the Plan's measurement date, changes in proportion and differences between employer contributions and proportionate share of contributions, net difference between projected and actual earnings on pension plan investments, and changes in actuarial and other assumptions. OPEB obligations include employer contributions to the Health Care Trust subsequent to the Health Care Trust's measurement date, changes in proportion and differences between employer contributions and proportionate share of contributions, net difference between projected and actual earnings on OPEB plan investments, and changes in actuarial and other assumptions.

Deferred Inflows of Resources

Deferred inflows of resources are composed of both pension and OPEB obligations. Pension obligations include differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and net difference between projected and actual earnings on pension plan investments. OPEB obligations include changes in actuarial and other assumptions and net difference between projected and actual earnings on OPEB plan investments.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

The Station's net position is classified for financial reporting in the following net position categories:

- Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – this component of net position consists of net position that are subject to externally imposed stipulations.
- Unrestricted – this component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Donated Facilities and Administrative Support

Donated facilities from the University consist of office and studio space on the University's main campus. Administrative support from the University consists of allocated institutional support and operation and maintenance of plant costs estimated as incurred by the University on behalf of the Station. This support is shown as revenue and expense on the statements of revenues, expenses and changes in net position.

Use of Estimates in the Preparation of Financial Statements

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 reported amounts of assets and liabilities at the date of the financial statements. They also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Station has evaluated subsequent events through May 12, 2022, the date which the financial statements were available to be issued.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

2. CASH AND CASH EQUIVALENTS

The Station's cash and cash equivalents are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits (in excess of FDIC insurance) may not be returned to it. At September 30, 2021, the Station's depositories had a carrying balance and a bank deposit balance of \$512,631.

The Station maintains cash deposits in an Alabama State University bank account. The University's deposit policy for custodial credit risk limits deposits to financial institutions that are members of the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the University's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance.

3. CHANGE IN CAPITAL ASSETS

Capital assets are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. A summary of the changes in capital assets for the years ended September 30, 2021 and 2020 is as follows:

	Balance 10/1/20	Additions	Reductions	Balance 9/30/21
Building	\$ 285,764	\$ -	\$ -	\$ 285,764
Tower facility	139,610	-	-	139,610
Equipment	191,353	-	-	191,353
Total capital assets	616,727	-	-	616,727
Less accumulated depreciation for:				
Building	285,766	-	-	285,766
Tower facility	139,610	-	-	139,610
Equipment	184,351	2,458	-	186,809
Total accumulated depreciation	609,727	2,458	-	612,185
Capital assets, net	\$ 7,000	\$ (2,458)	\$ -	\$ 4,542

**WVAS-FM RADIO STATION
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NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

3. CHANGE IN CAPITAL ASSETS – CONTINUED

	Balance 10/1/19	Additions	Reductions	Balance 9/30/20
Building	\$ 285,764	\$ -	\$ -	\$ 285,764
Tower facility	139,610	-	-	139,610
Equipment	196,955	-	5,602	191,353
Total capital assets	622,329	-	5,602	616,727
Less accumulated depreciation for:				
Building	285,766	-	-	285,766
Tower facility	139,610	-	-	139,610
Equipment	187,095	2,858	5,602	184,351
Total accumulated depreciation	612,471	2,858	5,602	609,727
Capital assets, net	\$ 9,858	\$ (2,858)	\$ -	\$ 7,000

Total depreciation expense amounted to \$2,458 and \$2,858 for 2021 and 2020, respectively.

4. COMMUNITY SERVICE GRANTS

The Station receives a Community Service Grant from the Corporation for Public Broadcasting annually. The Community Service Grants received and expended during the most recent fiscal years were as follows:

Year of Grant	Grants Received	Expended			Uncommitted
		2019	2020	2021	
2018	\$ 135,649	\$ 20,800	\$ -	\$ -	\$ -
2019	126,920	-	103,332	23,588	-
2020	118,300	-	-	86,576	31,724
2021	133,698	-	-	3,284	130,414

5. INCOME TAX STATUS

The Station is part of the University which is considered a political subdivision of the State of Alabama. Accordingly, the Station is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

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ALABAMA STATE UNIVERSITY
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6. PENSION PLAN

The Station participates in the University's retirement plan, the Teachers' Retirement System (TRS), a cost sharing, multiple-employer defined benefit pension plan administered by the TRS. In addition, certain Station employees meeting eligibility requirements participate in the University's optional programs with the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). TRS is a defined benefit plan while the TIAA-CREF programs are defined contribution plans.

Plan Description

The TRS was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control, which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. TRS members who retire after age sixty with ten years or more of creditable service or with twenty-five years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age sixty-two with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

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6. PENSION PLAN – CONTINUED

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the years ended September 30, 2020 was 12.43% of annual pay for Tier 1 members and 11.34% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Station were \$35,711 and \$37,690 for the years ended September 30, 2021 and 2020, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows Resources Related to Pensions

At September 30, 2021 and 2020, the Station reported a liability of \$507,948 and \$482,991, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 and 2018. The Station's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2021 and 2020, the Station's proportion was 0.00411% and 0.00437%, respectively, which was a decrease of 0.00026% and an increase of 0.0076% from its proportion measured as of September 30, 2019 and 2018.

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6. PENSION PLAN – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the years ended September 30, 2021 and 2020, the Station recognized pension expense of approximately \$34,540 and \$30,263, respectively. At September 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,137	\$ 8,807
Changes of assumptions	5,281	-
Net difference between projected and actual earnings on pension plan investments	37,721	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	186	20,458
Employer contributions subsequent to measurement date	35,711	-
	<u>\$ 104,036</u>	<u>\$ 29,265</u>

September 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,140	\$ 16,017
Changes of assumptions	14,879	-
Net difference between projected and actual earnings on pension plan investments	16,821	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	39,821
Employer contributions subsequent to measurement date	37,690	-
	<u>\$ 76,530</u>	<u>\$ 55,838</u>

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6. PENSION PLAN – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date in the amount of \$35,711 will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	
2022	\$ 270
2023	13,858
2024	15,753
2025	9,179
	\$ 39,060

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.25%-5.00%
Investment rate of return*	7.70%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2019 and 2018, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.

Mortality rates for TRS were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females age 78 and older.

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6. PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric real rate of return for each major asset class are as follows:

	Target Allocation	Long-term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
	100.00%	

* Includes assumed rate of inflation of 2.5%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were 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.

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6. PENSION PLAN – CONTINUED

Sensitivity of the Station's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Station's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the Station's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Station's proportionate share of collective net pension liability	\$ 677,710	\$ 507,948	\$ 364,309

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal years ended September 30, 2020 and 2019. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020 and 2019. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

7. POST-EMPLOYMENT BENEFITS (OPEB)

The University and WVAS-FM Radio Station offer post-employment health care benefits to all employees who officially retire from the University and WVAS-FM Radio Station. Health care benefits are offered through the State of Alabama Public Education Employees' Health Insurance Plan (PEEHIP) with TRS or the University's self-insured Retiree Medical Plan (the Plan), which is available for select employees who are not eligible for PEEHIP or those who were grandfathered in as Civil Service employees.

Eligibility for benefits for either option begins at age 60 with at least 10 years of service or at any age with 25 years of service. Retirees must have been enrolled in the active employees' health care plan for the last six of those years in order to be eligible for coverage under the Plan.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Plan Description

The Alabama Retired Education Employees' Health Care Trust (Health Care Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Health Care Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. In accordance with GASB, the Health Care Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Health Care Trust.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Benefits Provided – Continued

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Contributions – Continued

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2021 and 2020, the Station reported a liability of \$302,056 and \$125,764, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020 and 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019 and 2018. The Station's proportion of the net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2021 and 2020, the Station's proportion was 0.00465% and 0.00333%, respectively, which was an increase of 0.00132% and 0.00030% from its proportion measured as of September 30, 2020 and 2019, respectively.

For the years ended September 30, 2021 and 2020, the Station recognized OPEB expense of \$11,445 and (\$10,292), respectively, with no special funding situations.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

At September 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>September 30, 2021</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,660	\$ 108,596
Changes of assumptions	105,506	56,089
Net difference between projected and actual earnings on OPEB plan investments	-	13
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,927	36,215
Employer contributions subsequent to the measurement date	7,823	-
	<u>\$ 240,916</u>	<u>\$ 200,913</u>
 <u>September 30, 2020</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,165	\$ 96,430
Changes of assumptions	6,012	52,092
Net difference between projected and actual earnings on OPEB plan investments	259	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,486	48,502
Employer contributions subsequent to the measurement date	9,709	-
	<u>\$ 47,631</u>	<u>\$ 197,024</u>

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

Deferred outflows of resources related to OPEB resulting from the Station's contributions subsequent to the measurement date in the amount of \$7,823 will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022. 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 ending September 30,	
2022	\$ 5,757
2023	5,117
2024	6,097
2025	7,686
2026	(41,240)
Thereafter	(28,188)
	<u>\$ (44,771)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected Salary Increases ¹	3.25% - 5.00%
Long-Term Investment Rate of Return ²	7.25%
Municipal Bond Index Rate at the Measurement Date	2.25%
Municipal Bond Index Rate at the Prior Measurement Date	3.00%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2040
Single Equivalent Interest Rate at the Measurement Date	3.05%
Single Equivalent Interest Rate at the Prior Measurement Date	5.50%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024

¹Includes 3.00% wage inflation.

²Compounded annually, net of investment expense, and includes inflation.

** Initial Medicare claims are set based on scheduled increases through plan year 2022.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Actuarial Assumptions – Continued

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2019 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Actuarial Assumptions – Continued

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
	<u>100.00%</u>	

* Geometric mean, includes 2.5% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2020 was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020 and it is assumed that the amount will increase by 1.00% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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7. POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Sensitivity of the Station's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the Station's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Station's proportionate share of collective net OPEB liability	\$ 238,776	\$ 302,056	\$ 384,425

The following table presents the Station's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (2.05%)</u>	<u>Current Discount Rate (3.05%)</u>	<u>1% Increase (4.05%)</u>
Station's proportionate share of collective net OPEB liability	\$ 370,487	\$ 302,056	\$ 247,707

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal years ended September 30, 2020 and 2019. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020 and 2019. Additional financial and actuarial information is available at www.rsa-al.gov.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although WVAS-FM Radio Station expects such amounts, if any, to be immaterial.

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9. RECENTLY ISSUED ACCOUNTING STANDARDS

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Station.

GASB 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2021.

GASB 91, *Conduit Debt Obligations*. This Statement provides a single method for government issuers to report conduit debt obligations and related commitments. The enhanced guidance is designed to eliminate diversity in practice associated with these issues. The Statement clarifies how government issuers should account for and report 1) commitments they extend or voluntarily provide, 2) arrangements associated with conduit debt obligations, which often are characterized in practice as leases, but are not leases for financial reporting purposes; and 3) enhances note disclosures. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 15, 2021.

GASB 93, *Replacement of Interbank Offered Rate*. This Statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates (IBORs) in hedging derivatives and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 31, 2021.

GASB 96, *Subscription-Based Information Technology Arrangements*. This Statement provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, *Leases*, as amended. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

WVAS-FM RADIO STATION
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Schedule of the Station's Proportionate Share of the Net Pension Liability – Teachers' Retirement Plan of Alabama

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.00411%	0.00437%	0.00361%	0.00390%	0.00520%	0.00641%	0.00673%
Employer's proportionate share of the collective net pension liability	\$ 507,948	\$ 482,991	\$ 358,935	\$ 383,050	\$ 565,042	\$ 670,725	\$ 622,531
Employer's covered payroll during the measurement period	\$ 279,622	\$ 298,543	\$ 245,538	\$ 269,740	\$ 337,318	\$ 397,031	\$ 423,138
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	181.66%	161.78%	146.18%	142.01%	167.51%	168.94%	147.12%
Plan fiduciary net position as a percentage of the total collective pension liability	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

Schedule of the Station's Contributions – Teachers' Retirement Plan of Alabama

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 35,711	\$ 37,690	\$ 28,980	\$ 27,175	\$ 42,650	\$ 47,292	\$ 49,225
Contributions in relation to the contractually required contribution	\$ 35,711	\$ 37,690	\$ 28,980	\$ 27,175	\$ 42,650	\$ 47,292	\$ 49,225
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 279,622	\$ 298,543	\$ 245,538	\$ 269,740	\$ 337,318	\$ 397,031	\$ 423,138
Contributions as a percentage of covered payroll	12.77%	12.62%	11.80%	10.07%	12.64%	11.91%	11.63%

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Notes to Schedules

Employer's covered payroll: The payroll on which contributions to a pension plan are based.

Measurement period:

For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019
For fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018
For fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017
For fiscal year 2017, the measurement period is October 1, 2015 – September 30, 2016
For fiscal year 2016, the measurement period is October 1, 2014 – September 30, 2015
For fiscal year 2015, the measurement period is October 1, 2013 – September 30, 2014

WVAS-FM RADIO STATION
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

**Schedule of the Station's Proportionate Share of the Net OPEB Liability – Alabama Retired Education
Employee's Health Care Trust**

	2021	2020	2019	2018
Employer's proportion of collective net OPEB liability	0.00465%	0.00333%	0.00303%	0.00346%
Employer's proportionate share of the collective net OPEB liability	\$ 302,056	\$ 125,764	\$ 248,686	\$ 256,767
Employer's covered payroll during the measurement period	\$ 297,909	\$ 298,543	\$ 245,538	\$ 269,740
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	101.39%	42.13%	101.28%	95.19%
Plan fiduciary net position as a percentage of the total collective net OPEB liability	19.80%	28.14%	14.81%	15.37%

Schedule of Station's Contributions – Alabama Retired Education Employees' Health Care Trust

	2021	2020	2019	2018
Contractually required contribution	\$ 7,823	\$ 9,709	\$ 7,501	\$ 7,475
Contributions in relation to the contractually required contribution	\$ 7,823	\$ 9,709	\$ 7,501	\$ 7,475
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 297,909	\$ 298,543	\$ 245,538	\$ 269,740
Contributions as a percentage of covered payroll	2.63%	3.25%	3.05%	2.77%

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Notes to Required Supplementary Information for the Year Ended September 30, 2020

Covered payroll: The payroll on which contributions to an OPEB plan are based.

Measurement periods: For fiscal year 2021, the measurement period is October 1, 2019 through September 30, 2020. For fiscal year 2020, the measurement period is October 1, 2018 through September 30, 2019. For fiscal year 2019, the measurement period is October 1, 2017 through September 30, 2018. For fiscal year 2018, the measurement period is October 1, 2016 through September 30, 2017.

Changes in Actuarial Assumptions

In 2019, the anticipated rates of participation, spouse coverage and tobacco use were adjusted to more closely reflect actual experience.

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

WVAS-FM RADIO STATION
SCHEDULE OF THE STATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND EMPLOYER CONTRIBUTIONS (UNAUDITED) – CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Recent Plan Changes

Beginning in plan year 2021, the Medicare Advantage Plan with Prescription Drug Coverage (MAPD) plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Plan is changed each year to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of the University's proportionate share of the net OPEB liability and employer contributions (unaudited) are calculated as of September 30, 2017, three years prior to the end of the fiscal year, in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	24 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Investment Rate of Return	5.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2019.