WETS-FM RADIO
A PUBLIC BROADCAST STATION
OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND
JUNE 30, 2021

REPORT ON AUDIT

February 10, 2023

WETS-FM RADIO
A PUBLIC BROADCAST STATION
OPERATED BY
EAST TENNESSEE STATE UNIVERSITY

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EAST TENNESSEE STATE
UNIVERSITY

February 10, 2023

Dr. Brian Noland, President
East Tennessee State University
Johnson City, Tennessee 37614

Dear Dr. Noland:

Report of the Financial Statements

We have audited the accompanying financial statements of WETS-FM, a department of East Tennessee State University as of and for the years ending June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WETS-FM 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America except as noted in the following paragraph. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We are not independent in accordance with auditing standards generally accepted in the United States of America. However, we meet the qualifications for the purpose of expressing an opinion on the aforementioned financial statements under the requirements for internal auditors in the Corporation of Public Broadcasting's (CPB) Financial Reporting Guidelines for FY 2022.

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' judgement, including the assessment or 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WETS-FM as of June 30, 2022 and 2021, and the changes in financial position and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Department of Internal Audit
PO Box 70566 Johnson City, TN 37614-1707 | P 423-439-5356 | F 423-439-5622 | www.etsu.edu

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be present to supplement the basic financial statements:

- Management's Discussion and Analysis (pages 3-9)
- Schedule of WETS-FM Radio's Proportionate Share of Net Pension Liability, Closed and Higher Education Employee Pension Plan Within TCRS (page 26)
- Schedule of WETS-FM Radio's Contributions, Closed and Higher Education Employee Pension Plan Within TCRS (page 27)
- Schedule of WETS-FM Radio's Proportionate Share of Net Pension Liability, State and Higher Education Employee Pension Plan Within TCRS (page 28)
- Schedule of WETS-FM Radio's Contributions, State and Higher Education Employee Pension Plan Within TCRS (page 29)
- Schedule of the Employer Proportionate Share of Collective Total OPEB Liability, Closed State Employee Group OPEB Plan (page 30)
- Schedule of the Employer Proportionate Share of Collective Total OPEB Liability, Closed Tennessee Plan (page 31)

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WETS-FM basic financial statements.

Respectfully submitted,

Rebecca Lewis

Rebecca Lewis, CPA
Chief Audit Executive

**WETS-FM RADIO
A PUBLIC BROADCAST STATION OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

This section of East Tennessee State University WETS-FM Radio's annual financial report presents a discussion and analysis of the financial performance of WETS-FM Radio during the fiscal year ended June 30, 2022, with comparative information presented for the fiscal year ended June 30, 2021. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, and this discussion are the responsibility of management.

Using This Annual Report

This report consists of three basic financial statements. The statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows provide information on WETS-FM Radio as a whole and present a long-term view of the station's finances.

The Statement of Net Position

The statement of net position is a point in time financial statement. The statement of net position presents the financial position of WETS-FM Radio at the end of the fiscal year. To aid the reader in determining WETS-FM Radio's ability to meet immediate and future obligations, the statement included all assets, liabilities, deferred outflows/inflows, and net position and segregates the assets and liabilities into current and noncurrent components. Current assets are those that are available to satisfy current liabilities, inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. The statement of net position is prepared under the accrual basis of accounting; assets and liabilities are recognized when goods or services are provided or received despite when cash is actually exchanged.

From the data presented, readers of the statement are able to determine the assets available to continue the operations of WETS-FM Radio. They are also able to determine how much WETS-FM Radio owes vendors, lenders, and others. Net position represents the difference between WETS-FM Radio's assets and liabilities, along with the difference between deferred outflows and deferred inflows, and is one indicator of WETS-FM Radio's current financial condition.

The statement of net position also indicates the availability of net position for expenditure by WETS-FM Radio. Net position is divided into three major categories. The first category, net investment in capital assets, represents WETS-FM Radio's total investment in property, plant, and equipment, net of outstanding debt obligations related to these capital assets. To the extent debt or deferred inflows of resources has been incurred but not yet expended for capital assets, such amounts are not included. The next category is restricted net position, which is sub-divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar resources whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity. Expendable restricted net position is available for expenditure by WETS-FM Radio but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted net position. Unrestricted net position is available to WETS-FM Radio for any lawful purpose of WETS-FM Radio.

The following table summarizes WETS-FM Radio's assets, liabilities, deferred outflows/inflows, and net position at June 30, 2022, and June 30, 2021.

	2022	2021
Assets:		
Current assets	$ 1,553,029	$ 1,229,208
Net pension asset	77,467	0
Capital assets, net	40,983	48,531
Total Assets	1,671,479	1,277,739
Deferred Outflow of Resources		
Deferred Outflow - OPEB	15,487	14,150
Deferred Outflow - Pensions	110,072	45,609
Total Deferred Outflow	125,559	59,759
Liabilities:		
Current liabilities	327,501	138,714
Noncurrent liabilities	49,835	310,173
Total Liabilities	377,336	448,887
Deferred Inflow of Resources		
Deferred Inflow - OPEB	21,807	21,907
Deferred Inflow - Pensions	314,328	26,891
Total Deferred Inflow of Resources	336,135	48,798
Net Position:		
Net Investment in capital assets	40,983	48,531
Unrestricted	1,042,583	791,282
Total Net Position	$ 1,083,566	$ 839,813

In fiscal year 2022, material assets continued to consist of cash and cash equivalents and capital assets. Capital assets, net of depreciation decreased due to depreciation on existing assets. Deferred outflows increased due to an increase in WETS-FM Radio's proportionate share of the State of Tennessee deferred outflow of resources related to OPEB and pension. Current liabilities increased due to an increase in unearned revenue resulting from unexpended grant funding received during FY22. Noncurrent liabilities decreased due to a decrease in Net OPEB obligations. Unrestricted net position increased due to a decrease in operating expenditures as well as an increase in grant revenues and total nonoperating revenues and expenses.

In fiscal year 2021, material assets continued to consist of cash and cash equivalents and capital assets. Capital assets, net of depreciation decreased due to depreciation on existing assets. Deferred outflows increased due to an increase in WETS-FM Radio's proportionate share of the State of Tennessee deferred outflow of resources related to OPEB and pension. Current liabilities decreased as previous year's unearned revenue was earned during FY21. Noncurrent liabilities increased due to an increase in WETS-FM Radio's proportionate share of the State of Tennessee pension liability. Unrestricted net position increased due to a decrease in operating expenditures as well as an increase in grant revenues.

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

The statement of revenues, expenses, and changes in net position presents the results of operations for the fiscal year. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received. The statement indicates whether WETS-FM Radio's financial condition has improved or deteriorated during the fiscal year. The statement presents the revenues received by WETS-FM Radio, both operating and nonoperating, and the expenses paid by WETS-FM Radio, operating and nonoperating, and any other revenues, expenses, gains, or losses received or spent by WETS-FM Radio.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of WETS-FM Radio. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of WETS-FM Radio. Nonoperating revenues are revenues received for which goods and services are not provided directly to the payor. WETS-FM Radio is dependent upon state appropriations and gifts to fund operations, under GASB standards these funding sources are reported as nonoperating revenues, as is investment income. As a result, WETS-FM Radio has historically reported an excess of operating expenses over operating revenues, resulting in an operating loss. Therefore, the "increase in net position" is more indicative of overall financial results for the year.

A summary of WETS-FM Radio's revenues, expenses, and changes in net position for the year ended June 30, 2022, and June 30, 2021, follows.

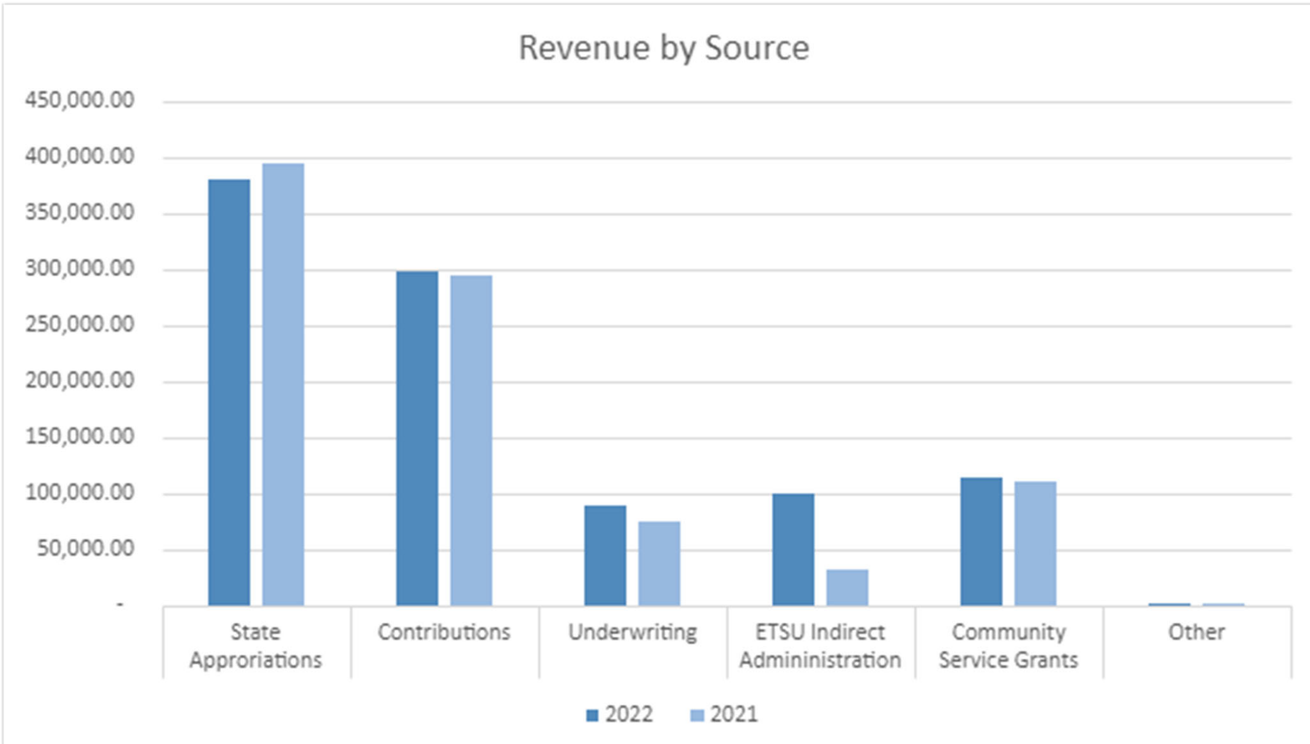
	2022	2021
Operating revenues:		
Community service grants	$ 114,153	$ 110,816
Total operating revenues	114,153	110,816
Operating expenses	740,711	786,796
Operating loss	(626,558)	(675,980)
Nonoperating revenues and expenses:		
State Appropriations	380,897	395,336
Contributions	299,129	295,046
Underwriting	88,582	75,874
Indirect administrative support	100,555	32,201
Other revenues and expenses	1,148	1,547
Total nonoperating revenues and expenses	870,311	800,004
Increase (decrease) in net position	243,753	124,024
Net position beginning of year	839,813	715,789
Net position at end of year	$ 1,083,566	$ 839,813

Revenues

In fiscal year 2022, revenue from community service grants increased by 3.011%. Operating expenses decreased due to decreases in Broadcasting and Management and General expenses. State appropriations decreased due to decreases in state funded expenditures. These expenditures includes salary, benefits, utilities, and pension. Contributions increased from FY21 to FY22. Other revenues decreased due to a decrease in non-gift income received by WETS-FM Radio.

In fiscal year 2021, revenue from community service grants increased by 2.438%, as previous year's unearned revenues were earned in the current period. Operating expenses decreased due to decreases in Programming and Production, Broadcasting and Management and General expenses. State appropriations decreased due to decreases in state funded expenditures. These expenditures include salary, benefits, utilities, and pension. Contributions decreased from FY20 to FY21. Other revenues decreased due to a decrease in non-gift income received by WETS-FM Radio.

The following is a graphic illustration of revenues by source, operating and non-operating, used to fund WETS-FM Radio's operating activities for the years ended June 30, 2022 and 2021.



In fiscal year 2022, 38.611% of WETS-FM Radio revenue was received from state appropriations. The second largest funding source was listener support, which totaled 30.323% from contributions.

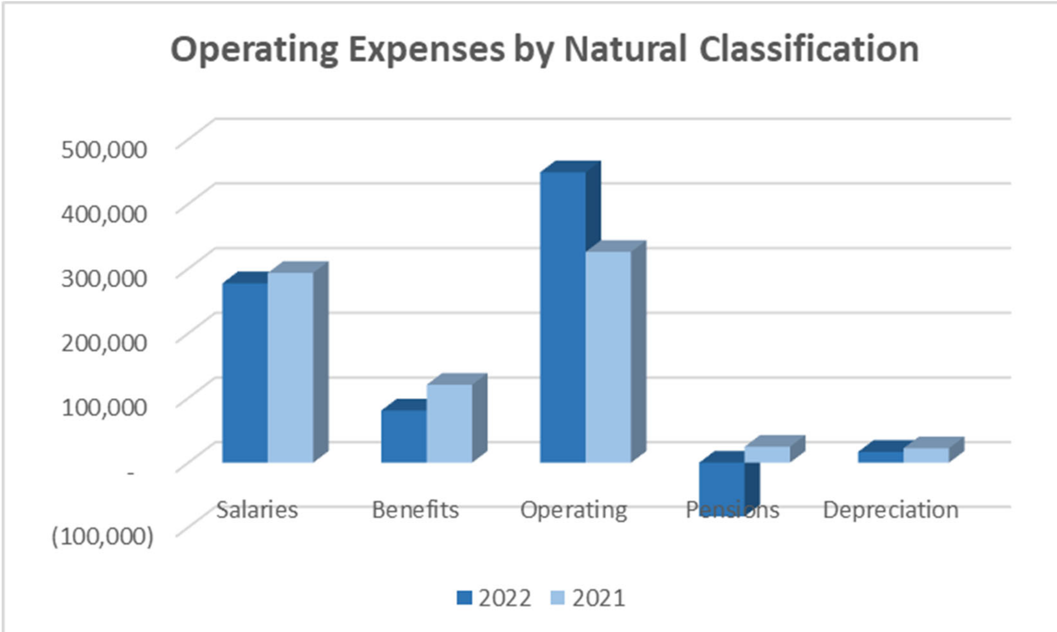
In fiscal year 2021, 43.404% of WETS-FM Radio revenue was received from state appropriations. The second largest funding source was listener support, which totaled 32.393% from contributions

Expenses

Operating expenses can be displayed in two formats, natural classification and functional classification as defined by the Corporation for Public Broadcasting. Both formats are displayed below.

	2022	2021
Salaries	$ 277,299	$ 293,390
Benefits	80,637	120,494
Operating	449,135	325,940
Pensions	(83,029)	24,679
Depreciation	16,669	22,293
Total Expenses	$ 740,710	$ 786,796

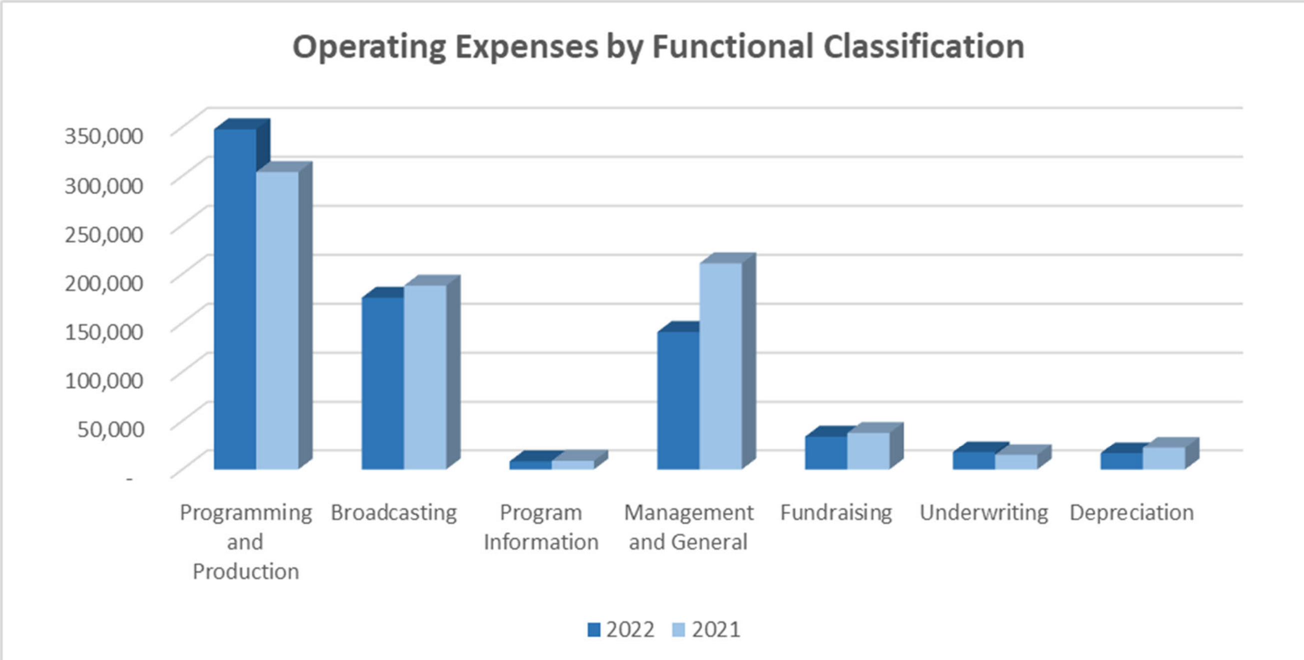
Operating expenses decreased due to a decrease in programming and production, broadcasting, and management and general. Pensions decreased due to changes in associated deferred inflows and outflows of pensions.



	2022	**2021**
Programming & Production	$ 347,733	$ 304,100
Broadcasting	175,780	188,093
Program Information & Promotion	8,156	8,813
Management & General	140,794	210,877
Fundraising	33,883	37,695
Underwriting	17,696	14,925
Depreciation	16,669	22,293
Total Expenses	$ 740,711	$ 786,796

In fiscal year 2022, Programing and Production increased due to increases in benefit expenses. Broadcasting, Program Information and Promotion, and Management and General decreased due to decreases in operating expenses. Depreciation expense decreased due to the full depreciation of several assets.

In fiscal year 2021, Programing and Production, Broadcasting, and Management and General decreased due to decreases in salary and benefit expenses. Depreciation expense decreased due to the full depreciation of several assets.



The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing WETS-FM Radio's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Cash provided (used) by:	**2022**	**2021**
Operating activities	$ (454,807)	$ (707,025)
Noncapital financing activities	769,507	767,416
Capital investing activities	9,121	-
Net increase in cash	323,821	60,391
Cash, beginning of year	1,229,208	1,168,817
Cash, end of year	$ 1,553,029	$ 1,229,208

For both fiscal years reported, material sources of cash included contributions from listeners, state appropriations and the community service grants. Material uses of cash were payments to employees and payments to suppliers and vendors.

The cash position of WETS-FM Radio increased by $323,821 in fiscal year 2022.

Capital Assets

At June 30, 2022 and 2021, WETS-FM Radio had $40,983 and $48,531 respectively invested in capital assets, net of accumulated depreciation. Depreciation charges totaled $16,669 for FY 22 and $22,293 for FY 21. Details of these assets are shown below.

	2022	2021
Equipment	$ 40,983	$ 48,531
Total	$ 40,983	$ 48,531

Economic Factors That Will Affect the Future

The economic outlook for WETS-FM Radio continues to remain positive for FY22. Revenue earned from community service grants increased while operating expenses decreased. Net position for WETS-FM Radio continues to increase. We are not aware of any other factors, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations during the fiscal year.

Requests for Information

This financial report is designed to provide a general overview of WETS-FM Radio's finances for those with an interest in the station's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Dr. B.J. King, CFO, P.O. Box 70601, Johnson City, TN 37614.

WETS-FM RADIO
A PUBLIC BROADCAST STATION OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
Statement of Net Position
June 30, 2022 with comparative figures at June 30, 2021

	FY 2022	FY 2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	$ 1,553,029	$ 1,229,208
Total current assets	1,553,029	1,229,208
Noncurrent assets:		
Net pension asset	77,467	-
Capital assets (net)	40,983	48,531
Total noncurrent assets	118,450	48,531
Total assets	$ 1,671,479	$ 1,277,739
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow - OPEB	15,487	14,150
Deferred Outflow - Pensions (Note 5)	110,072	45,609
Total Deferred Outflows	$ 125,559	$ 59,759
LIABILITIES		
Current Liabilities:		
Accounts payable	10,255	8,628
Unearned revenue	312,068	128,904
Compensated absences (Note 3)	-	326
Accrued payroll	5,178	856
Total current liabilities	327,501	138,714
Noncurrent Liabilities		
Net OPEB Obiligation	31,743	34,256
Compensated absences (Note 3)	18,093	47,381
Net Pension Liability (Note 3 and 5)	-	228,536
Total noncurrent liabilities	49,836	310,173
Total liabilities	$ 377,337	$ 448,887
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow - OPEB	21,807	21,907
Deferred Inflow - Pensions (Note 5)	314,328	26,891
Total Deferred Inflows	$ 336,135	$ 48,798
NET POSITION		
Invested in capital assets	40,983	48,531
Unrestricted	1,042,583	791,282
Total Net Positon	$ 1,083,566	$ 839,813

The accompanying Notes to the Financial Statements are an integral part of this statement.

WETS-FM RADIO
A PUBLIC BROADCAST STATION OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022, with comparitve figures for the year ended June 30, 2021

	FY 2022	FY 2021
REVENUES		
Operating revenue:		
Community service grants	$ 114,153	$ 110,816
Total operating revenue	114,153	110,816
EXPENSES		
Operating expenses:		
Program services		
Programming & Production	347,733	304,100
Broadcasting	175,780	188,093
Program information	8,156	8,813
Support services		
Management & General	140,794	210,877
Fundraising	33,883	37,695
Underwriting	17,696	14,925
Depreciation	16,669	22,293
Total operating expenses	740,711	786,796
Operating income (loss)	$ (626,558)	$ (675,980)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	380,897	395,336
Contributions	299,129	295,046
Underwriting	88,582	75,874
Indirect Admin ETSU	100,555	32,201
Other	1,148	1,547
Total other revenues	870,311	800,004
Increase (decrease) in net position	$ 243,753	$ 124,024
NET POSITION		
Net Position, beginning of year	839,813	715,789
Net Position-end of year	$ 1,083,566	$ 839,813

The accompanying Notes to the Financial Statements are an integral part of this statement.

WETS-FM RADIO
A PUBLIC BROADCAST STATION OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
Statement of Cash Flows
June 30, 2022, with comparative figures at June 30, 2021

	FY 2022	FY 2021
Cash flows from operating activities:		
Grants & other gifts	$ 201,191	$ -
Payments to suppliers and vendors	(346,952)	(288,841)
Payments to employees	(195,094)	(293,462)
Payments for benefits	(113,952)	(124,722)
Net cash provided (used) by operating activities	(454,807)	(707,025)
Cash flows from non-capital financing activities:		
State appropriations	380,648	394,948
Contributions	299,129	295,046
Cash Underwriting	88,582	75,875
Other Revenue	1,148	1,547
Net cash flows provided by non-capital financing activities	769,507	767,416
Cash flows from capital investing activities:		
Purchase of Equipment	9,121	-
Net cash provided (used) by capital investing activities	9,121	-
Net increase (decrease) in cash and cash equivalents	323,821	60,391
Cash and cash equivalents - beginning of year	1,229,208	1,168,817
Cash and cash equivalents - end of year	$ 1,553,029	$ 1,229,208
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating Loss	$ (626,558)	$ (675,980)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	16,669	22,293
Indirect administrative support	100,555	32,201
OPEB	(3,949)	(6,686)
On-Behalf	248	388
Pension Expense	(83,029)	24,679
Change in assets and liabilities:		
Accounts payable	1,627	4,899
Accrued payroll	4,322	(46)
Accrued leave liability	(29,614)	2,043
Unearned revenue	164,921	(110,816)
Rounding	1	-
Cash flows from operating activities	$ (454,807)	$ (707,025)

The accompanying Notes to the Financial Statements are an integral part of this statement.

WETS-FM RADIO
A PUBLIC BROADCAST STATION OPERATED BY
EAST TENNESSEE STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies

REPORTING ENTITY

WETS-FM Radio (the Station) is operated by East Tennessee State University, Johnson City, Tennessee. The financial statements include amounts raised by the East Tennessee State University Foundation, Inc., a nonprofit corporation, for the benefit of WETS-FM Radio. All funds raised by the Foundation are available to the Station for any purpose deemed necessary by the Station management.

BASIS OF PRESENTATION

The financial statements for WETS-FM Radio have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and accounting principles established by the Corporation of Public Broadcasting (CPB).

BASIS OF ACCOUNTING

For financial statement purposes, WETS-FM Radio follows pronouncements issued by the GASB due to its relationship with East Tennessee State University and follows the same reporting principles as the University. The University is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Gifts, grants, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant interfund transactions have been eliminated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the GASB. The Station has the option of following private-sector guidance issued subsequent to November 30, 1989, subject to the above limitation. The Station has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

Operating revenues consist of the community service grant. Operating expenses for the Station include: 1) programming and production; 2) broadcasting; 3) program information and promotion; 4) management and general; 5) fund raising; 6) underwriting; and 7) depreciation.

All other activity is non-operating in nature. This activity primarily includes 1) state appropriations, 2) contributions from donors, 3) and indirect administrative support for services provided by the university.

When both restricted and unrestricted resources are available for use, it is the station's policy to determine which to use first, depending upon existing facts and circumstances.

SUPPORT

All contributions to WETS-FM Radio are recorded as revenue when received. Grant revenue is recorded as earned to the extent that grant funds have been expended.

COMPENSATED ABSENCES

The Station's employees accrue annual leave and sick leave at varying rates, depending upon length of service or classification. Some employees also earn compensatory time.

The amounts of these liabilities for annual leave and compensatory time and their related benefits are reported in the statement of net position. There is no liability for unpaid accumulated sick leave since the university's policy is to pay this only if the employee dies or is absent because of illness, injury, or related family death.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, library holdings, works of art, historical treasures/collections, intangible assets and lease assets, are reported in the statement of net position at historical cost, acquisition value at date of donation, or the present value of lease payments plus other associated lease costs, less accumulated depreciation/amortization. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of $100,000 is used for buildings and $50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is $5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at $50,000. The capitalization threshold for software is set at $100,000. The capitalization threshold for art, historical treasures/collections, and similar assets is set at $5,000. The capitalization threshold for intangible, right-to-use lease assets is set at $100,000.

These assets, with the exception of works of art and historical treasures/collections deemed inexhaustible and land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets or life of the lease agreement, which range from 1 to 60 years.

PENSIONS

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan in the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan. Investments are reported at fair value.

NET POSITION

The WETS Radio's net position is classified as follows:

Net investment in capital assets - This represents the WETS Radio's total investment in capital assets, net of accumulated depreciation, net of outstanding debt obligations related to those capital assets and deferred outflows/inflows of resources related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable - Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expendable or added to principal.

Restricted net position - expendable – Expendable restricted net position includes resources that the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net position - Unrestricted net position represents resources derived from student tuition and fees; state appropriations; sales and services of educational departments and other activities; and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university, and may be used at the university's discretion to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

INDIRECT ADMINISTRATIVE SUPPORT

Administrative support from East Tennessee State University consists of allocated institutional support and physical plant operation expenses incurred by the University on behalf of the Station. This support is determined in accordance with CPB instructions.

CASH

Cash and cash equivalents include cash on deposit from grant proceeds, fund-raising, and allocations for special programs.

Note 2. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beg. Balance	Additions	Transfers	Reductions	End Balance
Land improve & infrastructure	$ 17,434	$ 0	$ 0	$ 0	$ 17,434
Buildings	240,806	0	0	0	240,806
Equipment	600,036	9,121	0	0	609,157
Total	$ 858,276	$ 9,121	$ 0	$ 0	$ 867,397
Less Accumulated Depreciation					
Land improve & infrastructure	$ 17,434	$ 0	$ 0	$ 0	$ 17,434
Buildings	240,806	0	0	0	240,806
Equipment	551,505	16,669	0	0	568,174

Total	$ 809,745	$ 16,669	$ 0	$ 0	$ 826,414
Capital Assets, Net	$ 48,531	$ 7,548	$ 0	$ 0	$ 40,983

Note 3. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beg. Balance	Additions	Reductions	End Balance	Current Portion
Compensated Absences	$ 47,707	$ 0	$ 29,614	$ 18,093	$ 0
Net OPEB Obligation	34,256	0	2,514	31,742	0
Net Pension Liability	228,536	0	228,536	0	0
Total long-term liabilities	$ 310,499	$ 0	$ 260,664	$ 49,835	$ 0

Note 4. Natural Classifications with Functional Classifications

The Station's operating expenses by functional and natural classification for the year ended June 30, 2022, are as follows:

	Natural Classification					
Functional Classifications	Salaries	Benefits	Operating	Pensions	Depreciation	Total Functional
Programming & Production	$ 62,463	$ 9,666	$ 275,604	$ 0	$ 0	$347,733
Broadcasting	105,304	31,603	38,873	0	0	175,780
Program Information	6,122	2,034	0	0	0	8,156
Management & General	79,047	29,654	115,122	(83,029)	0	140,794
Fundraising	24,362	7,681	1,840	0	0	33,883
Underwriting	0	0	17,696	0	0	17,696
Depreciation	0	0	0	0	16,669	16,669
	$ 277,298	$ 80,638	$ 449,135	($83,029)	$16,669	$740,711

Note 5. Pension Plans

Defined Benefit Plan

Closed State and Higher Education Employee Pension Plan

General Information about the Pension Plan

Plan Description – State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Closed State and Higher Education Employee Pension Plan. This plan is a component of the Public Employee Retirement Plan, an agent, multiple-employer defined benefit pension plan. The Closed State and Higher Education Employee Pension Plan stopped accepting new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. A new agent defined benefit retirement plan, the State and Higher Education Employee Retirement Plan, became effective July 1, 2014 for state employees and higher education employees hired on or after July 1, 2014.

The TCRS was created by state statute under Title 8, Chapters 34-37, *Tennessee Code Annotated*. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided - Title 8, Chapters 34-37, *Tennessee Code Annotated* establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Closed State and Higher Education Employee Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined using the following formula:

Average of member's highest compensation for 5 consecutive years (up to Social Security integration level)	**x**	1.50%	**x**	Years of Service Credit	**x**	105%

Plus:

Average of member's highest compensation for 5 consecutive years (over the Social Security integration level)	**x**	1.75%	**x**	Years of Service Credit	**x**	105%

A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions - Contributions for state employees and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. East Tennessee State University employees are non-contributory, as are most members in the Closed State and Higher Education Employee Pension Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. By law, employer contributions for the Closed State and Higher Education Employee Pension Plan are required to be paid. Employer contributions by East Tennessee State University for WETS-FM Radio the year ended June 30, 2022 to the Closed State and Higher Education Employee Pension Plan were $52,001 which is 20.50% of covered payroll. Additional contributions of $30,403 were made to the plan by the State of Tennessee on-behalf of WETS-FM Radio. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liability – At June 30, 2022, the university reported an asset of $77,467 for its proportionate share of the net pension asset for WETS-FM Radio. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. East Tennessee State University's proportion of the net pension asset was based on the proportion of East Tennessee State University's contributions during the year ended June 30, 2021 to the pension plan relative to the contributions of all participating state and higher education agencies. At June 30, 2021 measurement date, East Tennessee State University's proportion was 2.050998% making WETS-FM Radio's proportion .6173184%. The proportionate share from the prior year's measurement date of June 30, 2020 was 2.147389%; making WETS-FM Radio's proportion 0.6496020%.

Negative Pension expense – For the year ended June 30, 2022, the university recognized a negative pension expense of $83,029.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2022, the university 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
Differences between expected and actual Experience	$1,665	$ 18,900
Net difference between projected and actual earnings on pension plan investments	-	268,868
Changes in assumptions	82,847	-
Changes in proportion of net pension asset	-	6,787
University's contributions subsequent to the measurement date of June 30, 2021	82,404	(not applicable)
Total	$ 165,916	$294,555

Deferred outflows of resources, resulting from East Tennessee State University's employer contributions on behalf of WETS-FM Radio of $82,404 subsequent to the measurement date will be recognized as an increase in net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	($39,352)
2024	($35,480)
2025	($63,679)
2026	($72,532)
2027	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions - The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates 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 of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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 net pension liability (asset) to changes in the discount rate - The following presents East Tennessee State University's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what East Tennessee State University's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
University's net pension liability (asset)	$204,620	($77,467)	$ (314,282)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net positon is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2022, the university had a payable of $557 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2022.

Deferred Compensation Plans

Employees are offered three deferred compensation plans. WETS-FM Radio, through the state of Tennessee, provides two plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). The third plan is administered by the university and was established in accordance with IRC, Section 403(b). All costs of administering and funding these programs, with the exclusion of the $50 monthly employer match for the Section 401(k) plan, are the responsibility of plan participants.

Since the Section 401(k) and Section 457 plan assets remain the property of the contributing employees, they are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution and withdrawal provisions for the plans. Employees hired after June 30, 2014, are automatically enrolled to contribute 2% of salary to the state's 401(k) plan with the employer contributing an additional non-matching 5%. Employees will vest immediately to both the employee and employer contributions. During the year ended June 30, 2021, contributions totaling $1,800 were made by employees participating in the 401(k) plan, with a related match of $1,800 made by WETS-FM Radio. In accordance with the IRC, employee contributions through the 403(b) plan remain the assets of the employee. In addition, the amounts withheld from employees are remitted directly to third-party administrators. Therefore, these employee contributions are not reflected in the accompanying financial statements.

At June 30, 2022, the Station had no payable for the outstanding amount of legally required contributions to the deferred compensation plans required.

Note 6. Closed State Employee Group OPEB Plan

General information about the OPEB plan

Plan description - Employees of the university, who were hired prior to July 1, 2015 and choose coverage, are provided with pre-65 retiree health insurance benefits through the closed State Employee Group OPEB Plan (EGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The employers participating in this plan includes the primary government, the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System. The State of Tennessee Postemployment Benefits Trust (OPEB Trust) was established to accumulate resources to pay for the retiree benefits of EGOP participants. The OPEB Trust prepares a stand-alone financial report that can be found at https://www.tn.gov/finance/rd-doa/opeb22121.html.

Benefits provided - The EGOP is offered to provide health insurance coverage to eligible retired and disabled participants and is the only postemployment benefit provided to eligible pre-65 participants. Benefits are established and amended by an insurance committee created by *Tennessee Code Annotated (TCA)* 8-27-201. All retirees and disabled employees of the primary government and certain component units, who are eligible and choose coverage, and who have not yet reached the age of 65 are enrolled in this plan. All members have the option of choosing between the premier preferred provider organization (PPO) plan, standard PPO plan or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members receive the same plan benefits, as active employees, at a blended premium rate that considers the cost of active and retired employees. This creates an implicit subsidy for the retirees. The retirees' cost is then directly subsidized, by the employers, based on years of service. Therefore, retirees with 30 years of service are subsidized 80%; 20 but less than 30 years, 70%; and less than 20 years, 60%.

Contributions - Annually, an insurance committee, created in accordance with Title 8, Chapter 27, Section 201, *Tennessee Code Annotated*, establishes the required contributions to the plan by member employees through the premiums established to approximate claims cost for the year. Pre-age 65 retired members of the EGOP pay a premium based on a blended rate that considers the cost of active and retired employees as well as their individual years of service. Therefore, retirees pay either 20%, 30%, 40%, or 100% of the appropriate premium rate. These payments are deposited into the OPEB Trust. Employers contribute to the OPEB Trust based on an actuarially determined contribution (ADC) rate calculated in a manner to meet the funding goals of the state. The total ADC rate for plan employers for the fiscal year ended June 30, 2022, was $126.3 million. WETS-FM Radio's share of the ADC was $5,008. During the fiscal year, the university contributed $5,008 to the OPEB Trust. The Tennessee General Assembly has the authority to change the contribution requirements of the employers participating in the EGOP.

Total OPEB Liability

Proportionate share – WETS-FM Radio's proportion and proportionate share of the collective total OPEB liability, related to the EGOP, is 0.15307% and $25,969 respectively. The proportion existing at the prior measurement date was 0.24376%. This resulted in a change in proportion of .09069. WETS-FM Radio's proportion of the collective total OPEB liability was based on a projection of the its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2021 and measurement date of June 30, 2021.

OPEB expense – For the year ended June 30, 2022, the university recognized OPEB expense of $1,060 for WETS-FM Radio.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2022, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$2,481
Changes in assumptions	1,716	6,408
Net difference between actual and projected investment earnings	-	1,798
Changes in proportion and differences between benefits paid and proportionate share of benefits paid	4,385	3,809
Contributions subsequent to the measurement date	5,008	-
Total	$11,110	$14,497

The amounts shown above for "contributions subsequent to the measurement date" will be recognized as a reduction to the collective net OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP will be recognized in OPEB expense as follows:

Year Ended June 30	
2022	$(2,175)
2023	$(2,175)
2024	$(2,181)
2025	$(2,142)
2026	$228
Thereafter	$ 50

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense

Actuarial assumptions - The collective total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	7.36% for 2022, decreasing annually to an ultimate rate of 4.50% for 2029 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Long-term expected rate of return – The long-term expected rate of return of 6 percent on OPEB plan investments was determined using a building-block method 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 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. TCA 8-27-802 establishes the responsibility of the trustees to adopt written investment policies authorizing how assets in the OPEB Trust may be invested and reinvested by the State Treasurer. The treasurer may invest trust assets in any security or investment in which the Tennessee Consolidated Retirement Systems (TCRS) is permitted to invest, provided that investments by the OPEB Trust shall be governed by the investment policies and guidelines adopted by the trustees. Any changes to the investment policy will be the responsibility of the established trustees. The OPEB Trust investment policy target asset allocation and allocation range for each major asset class is summarized in the following table:

Asset Class	Minimum	Maximum	Target Allocation
Equities	25%	80%	53%
Fixed income and short-term securities	20%	50%	25%
Real estate	0%	20%	10%
Private equity and strategic lending	0%	20%	7%

Cash and cash equivalents	0%	25%	5%
			100%

The best-estimates of geometric real rates of return for each major asset class included in the OPEB Trust target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. equity	4.10%
Developed market international equity	4,81%
Emerging market international equity	5.33%
Cash (Gov't)	-0.22%
Private equity and strategic lending	3.71%
U.S. fixed income	0.32%
Real estate	2.91%

Discount rate - The discount rate used to measure the total OPEB liability was 6%. This is the same rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Trust fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in assumptions – The long-term inflation rate was increased from 2.1% to 2.25%. Other changes in assumptions include changes made to the medical and drug trend rates, and coverage and acceptance rates to reflect more recent experience and subsidy amounts. Also, changes in retirement, withdrawal and mortality rates were made to match those provided by TCRS. The net change in liability as a result of these changes is not considered significant.

Sensitivity of proportionate share of the collective net OPEB liability to changes in the discount rate - The following presents the university's proportionate share of the collective total OPEB liability of the EGOP, as well as what the 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 discount rate.

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Proportionate share of the collective net OPEB liability	$28,955	$25,969	$23,189

Sensitivity of proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rate - The following presents the university's proportionate share of the collective net OPEB liability of the EGOP, as well as what the proportionate share of the collective 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 healthcare cost trend rate.

	1% Decrease (6.36% decreasing to 3.50%)	Healthcare Cost Trend Rates	1% Increase (8.36% decreasing to 5.50%)

		(7.36% decreasing to 4.50%)	
Proportionate share of the collective total OPEB liability	$22,159	$25,969	$30,370

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the State of Tennessee Comprehensive Annual Financial Report found at https://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html.

Closed Tennessee Plan

General information about the OPEB plan

Plan description - Employees of the university, who were hired prior to July 1, 2015 and choose coverage, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The primary government as well as the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System also participates in this plan. This plan also serves eligible post-65 retirees of employers who participate in the state administered Teacher Group Insurance and Local Government Insurance Plans.

Benefits provided - The TNP is offered to help fill most of the coverage gaps created by Medicare and is the only postemployment benefit provided to eligible post-65 retired and disabled employees of participating employers. This plan does not include pharmacy. In accordance with *Tennessee Code Annotated (TCA)* 8-27-209, benefits are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Many retirees receive direct subsidies toward their premium cost; however, participating employers determine their own policy in this regard. The primary government contributes to the premiums of component unit retirees based on years of service. Therefore, retirees with 30 years of service receive $50 per month; 20 but less than 30 years, $37.50; and 15 but less than 20 years, $25. The university does not provide any subsidies for retirees in the TNP. The primary government paid $162,113 for OPEB as the benefits came due during the reporting period. This plan is funded on a pay-as-you-go basis, and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

In accordance with TCA 8-27-209, the state insurance committees established by TCA 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

Total OPEB Liability and OPEB Expense

Proportionate share – The primary government is entirely responsible for the TNP OPEB associated with the university's employees. The primary government's proportionate share of the total OPEB liability associated with the university was $4,603,827. At the June 30, 2021, measurement date, the proportion of the collective total OPEB liability associated with the university was 2.590015%. This represents a change of 0.18938% from the prior year proportion of 2.400635%. The university's proportion of the collective total OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2021 and measurement date of June 30, 2021.

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) for Group I employees. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate - The discount rate used to measure the total OPEB liability was 2.16 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate - The following presents the primary governments proportionate share of the university's related collective total OPEB liability, as well as what the proportionate share of the collective total 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 discount rate. The university does not report a proportionate share of the OPEB liability for employees in the TNP

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Primary government share of the collective total OPEB liability	$5,206,135	$4,603,827	$4,098,526

OPEB expense - For the fiscal year ended June 30, 2022, the primary government recognized OPEB expense of $228,688 for employees of the university participating in the TNP.

Note 7. On-Behalf Payments

During the year ended June 30, 2022, the State of Tennessee made payments of $162,113.00 on behalf of the university for retirees participating in the Closed Tennessee OPEB Plan. The Closed Tennessee OPEB Plan is a postemployment benefit healthcare plans and is discussed further in Note 6. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of WETS-FM Radio's Proportionate Share of the Net Pension Liability
Closed State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ending

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.6173184%	(77,467)	273,150	(28.99)%	103.30%
2020	0.6496020%	228,536	308,762	74.02%	90.58%
2019	0.5919546%	180,028	287,406	62.64%	91.67%
2018	0.5270230%	192,982	276,432	69.81%	90.26%
2017	0.5098731%	192,865	258,570	74.59%	88.88%
2016	0.5028368%	194,631	260,443	74.73%	87.96%
2015	0.6395163%	170,632	345,585	49.37%	91.26%
2014	0.2523590%	35,539	140,722	25.26%	95.11%

1) 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 years until ten years of information is available.

2) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of WETS-FM Radio's Contributions
Closed State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	$52,001	$82,404	$(30,403)	$273,150	32.49%
2021	56,889	56,889		272,942	20.23%
2020	55,274	55,274		287,406	19.66%
2019	51,058	51,058	-	276,432	19.23%
2018	52,172	52,172	-	258,570	18.87%
2017	38,301	38,301	-	260,443	14.81%
2016	39,562	39,562	-	260,443	15.19%
2015	49,750	49,750	-	345,585	14.40%
2014	51,338	51,338	-	349,519	14.69%

1) In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an average of 4.25% to an average of 4.00%.

2) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of WETS-FM Radio's Proportionate Share of the Net Pension Liability
State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ending June 30

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	-	$ -	$ -	-	-
2020					
2019					
2018	-	-	-	-	-
2017	0.0412418%	(179.12)	4,602	-389.00%	131.51%
2016	0.3813760%	(660.17)	24,244	-2.72%	130.56%
2015	0.3193000%	(194.00)	7,597	-2.55%	142.55%

1) 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 years until ten years of information is available.

2) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of WETS-FM Radio's Contributions
State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	$ -	$ -	$ -	$ -	-
2021					
2020					
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	1,640	1,640	-	4,602	35.65%
2016	1,191	1,191	-	24,244	4.91%
2015	379	379	-	7,597	5.00%

1) 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 years until ten years of information is available.

2) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Employer Proportionate Share of Collective Total OPEB Liability
Closed State Employee Group OPEB Plan
Fiscal Year Ended June 30

	Proportion of Collective Total OPEB Liability	Proportionate Share of the Collective Total OPEB Liability	Covered Payroll	Proportionate Share of the Collective Total OPEB Liability as a Percentage of Covered Payroll
2022	0.1530700%	$25,969	$117,231	19.98%
2021	0.2437610%	34,256	223,409	20.30%
2020	0.2278150%	39,105	221,483	21.19%
2019	0.2113730%	61,767	213,138	30.29%
2018	0.2012515%	55,574	203,315	27.33%

1) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to the OPEB Plan.

2) 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 years until ten years of information is available.

3) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Employer Proportionate Share of Collective Total OPEB Liability
Closed Tennessee Plan
Fiscal Year Ended June 30

	Proportion of Collective Total OPEB Liability	Proportionate Share of the Collective Total OPEB Liability	Primary Government's Proportionate Share of the Collective Total OPEB Liability	Collective Total OPEB Liability	Covered Payroll	Proportionate Share of the Collective Total OPEB Liability as a Percentage of Covered Payroll
2022	0.000000%	$ -	$ 4,603,827	$ 4,603,827	$ 205,696	2,238.17%
2021	0.000000%		4,949,937	4,949,937	274,134	1,805.66%
2020	0.000000%		4,140,482	4,140,482	288,790	1,433.73%
2019	0.000000%	-	4,261,072	4,261,072	259,422	1,642.53%
2018	0.000000%	-	4,092,142	4,092,142	249,598	1,639.49%

1) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to the OPEB Plan.

2) 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 years until ten years of information is available.

3) To correspond with the measurement date, the amounts presented were determined as of June 30 the prior fiscal year.