WRVS-FM, ELIZABETH CITY STATE UNIVERSITY
Elizabeth City, North Carolina

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Trustees
WRVS-FM, Elizabeth City State University
Elizabeth City, North Carolina

We have audited the accompanying statements of net position of WRVS-FM, Elizabeth City State University (the "Station"), a public telecommunications entity operated by Elizabeth City State University as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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 net position of the Station as of June 30, 2021 and 2020, and the respective changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

The accompanying financial statements represents the financial position of the Station, a department of Elizabeth City State University. These financial statements are not intended to be a complete presentation of the financial position of Elizabeth City State University, taken as a whole. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. 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 inquiries, 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 any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Station's financial statements. The schedules of functional expenses are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The schedules of functional expenses are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
January 21, 2022

Introduction to the Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of WRVS-FM (the "Station"), a public radio station operated by Elizabeth City State University (the "University"), during the fiscal year June 30, 2021 with comparative information for the fiscal years ended June 30, 2020 and 2019. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow. The Station is a department of the University and is, therefore, not a separate legal entity from the University.

Overview of the Financial Statements

The Station's financial report includes three basic financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The financial statements of the Station were prepared in conformity with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.*

The Statements of Net Position presents the financial position of the Station and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Station. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts.

The Statements of Net Position provides information about assets and liabilities in a format that distinguishes between current and noncurrent. Individual assets and liabilities are classified as current or noncurrent based on whether they are expected to generate or use cash within the next 12 months after the end of the fiscal period.

Net position, or the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, are divided into two major components. The first component, net investment in capital assets, consists of capital assets, net of accumulated depreciation. The final component is unrestricted net position, which is available to the Station for any lawful purpose.

The Station's current assets continue to cover its current liabilities which support the Station's ability to meet financial obligations as they occur. The Statements of Cash Flows presents information related to cash inflows and outflows summarized by operating and investing activities.

A summary of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2021, 2020, and 2019 is as follows:

Comparative, Condensed Statements of Net Position
June 30, 2021, 2020, and 2019

	2021	2020	2019
ASSETS			
Current assets	$ 705,552	$ 408,917	$ 272,510
Noncurrent assets	31,188	44,123	57,494
Total Assets	736,740	453,040	330,004
Deferred outflows of resources	210,174	162,125	126,261
LIABILITIES			
Current liabilities	570,595	315,241	177,893
Noncurrent liabilities	835,775	857,305	779,912
Total Liabilities	1,406,370	1,172,546	957,805
Deferred inflows of resources	310,613	296,403	367,926
NET POSITION*			
Net investment in capital assets	30,115	43,203	56,849
Unrestricted	(800,184)	(896,987)	(926,315)
Total Net Position	$ (770,069)	$ (853,784)	$ (869,466)

* Net position categories are defined in Note 2 of the notes to the financial statements.

Current assets, consisting primarily of cash and cash equivalents, increased $296,635 or 73% during fiscal year 2021 and increased $136,407 or 50% during fiscal year 2020. The increases in 2021 and in 2020 stemmed from the timing of grants advances being received before and after year-end, respectively, for expenditures that had not yet been incurred.

Noncurrent assets decreased $12,935 or 29% during fiscal year 2021 and $13,371 or 23% during fiscal year 2020 due to depreciation of assets. Depreciation expense on capital assets was $13,088 and $13,646 for the years ended June 30, 2021 and 2020, respectively.

Current liabilities primarily consist of unearned revenue. Unearned revenue totaled $567,597, $293,559, and $170,481 at June 30, 2021, 2020, and 2019, respectively. Unearned revenue is grant revenue for which expenditures have not been incurred. Noncurrent liabilities, primarily consist of the pension liability and OPEB liability, which totaled $825,535, $846,474, and $767,722 at June 30, 2021, 2020, and 2019, respectively.

The Station's deferred outflows of resources increased $48,049 or 30% and $35,864 or 28% at June 30, 2021 and 2020, respectively. The Station's deferred inflows of resources increased $14,210 or 5% and decreased $71,523 or 19% at June 30, 2021 and 2020, respectively. Deferred outflows of resources and deferred inflows of resources vary year over year based on the valuations of the pension and OPEB plans.

The Station's total net position for the year ended June 30, 2021 increased by $83,715 compared to an increase of $15,682 and $117,939 in fiscal years 2020 and 2019, respectively.

Comparison of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services and the cost of providing those goods and services. Nonoperating revenues are revenues for which goods and services are not provided.

Comparative, Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Operating Revenues and Support:			
Federal contracts and grants	$ 96,822	$ 84,974	$ 186,103
CPB Community Service grants	155,276	157,236	136,305
Other operating revenues	114,584	102,282	107,159
Total Operating Revenues and Support	366,682	344,492	429,567
Operating Expenses:			
Salaries, wages, and benefits	180,176	223,376	196,999
Services	53,277	98,895	95,752
Depreciation expense	13,088	13,646	13,587
Rent	11,991	10,049	10,379
Other operating expenses	67,140	54,835	60,556
Total Operating Expenses	325,672	400,801	377,273
Operating Income (Loss)	41,010	(56,309)	52,294
Nonoperating Revenues and Support:			
State appropriations	32,002	62,426	55,917
Fundraising income	-	6,617	6,318
Gifts	10,703	2,948	3,410
Total Nonoperating Revenues and Support	42,705	71,991	65,645
Change in net position	83,715	15,682	117,939
Net position, beginning of year	(853,784)	(869,466)	(987,405)
Net position, end of year	$ (770,069)	$ (853,784)	$ (869,466)

Total operating revenue increased $22,190 during fiscal year 2021 compared to a decrease of $85,075 during fiscal year 2020. The increase is due primarily to a $11,848, or 14%, increase in Title III grants compared to fiscal year 2020.

Total operating expenses decreased $75,129, or 19%, to $325,672 for the year ended June 30, 2021 compared to an increase of $23,528 or 6% to $400,801 for the year ended June 30, 2020. Operating expenses fall into two categories: 1) Program services, which represented approximately 56% and 63%; and 2) Support services, which represented approximately 43% and 37% of total operating expenses for both fiscal years ended June 30, 2021 and 2020, respectively.

Condensed Statements of Cash Flows

A very useful measure of financial operations is the Statements of Cash Flows. This statement provides the sources of cash inflows and outflows for major activities: operating, financing, and investing activities. The ending cash and cash equivalents on the Statements of Cash Flows corresponds directly with the sum of the cash and cash equivalents balances on the Statements of Net Position.

Comparative, Condensed Statements of Cash Flows
Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Net cash from operating activities	$ 211,670	$ 90,768	$ (86,949)
Net cash from noncapital financing activities	42,705	71,991	65,645
Net change in cash and cash equivalents	254,375	162,759	(21,304)
Cash and cash equivalents, beginning of year	405,367	242,608	263,912
Cash and cash equivalents, end of year	$ 659,742	$ 405,367	$ 242,608

Net cash from operating activities shows net inflows of $211,670 and $90,768 and net outflows of $86,949 for the years ended June 30, 2021, 2020, and 2019, respectively. The major outflows were payments to employees of $154,467, $157,659, and $261,877 for the years ended June 30, 2021, 2020, and 2019, respectively. The major source of operating inflow was receipts of federal grants from the United States Department of Education of $362,677, $220,333, and $190,535 for the years ended June 30, 2021, 2020, and 2019, respectively.

Economic Factors for the Future

There are constant challenges to the success and growth of the Station. The economic outlook for the Station is dependent on various influences of the Station's funding sources.

- *Corporation for Public Broadcasting* – Eligibility for receipt of the Community Service Grant ("CSG") is dependent upon stations meeting certain community service goals, successfully submitting the Station Activity Survey ("SAS"), and the attaining Non-Federal Funding Support ("NFFS"). Based on these factors, the overall grant will either increase or decrease.

- *Underwriting Support* – The Station has worked for a number of years to increase private business sponsorship and will continue towards an annual increase in underwriting revenue.

- *Special Event Fund* – WRVS-FM holds an on-air pledge drive annually. The Station will evaluate if it is to the Station's advantage to hold additional special fundraising events.

- *Support from Elizabeth City State University* – The Station does not foresee a dramatic change in funding for future years. Indirect funding is dependent on Institutional Support expenditures. This is considered in-kind support to the Station which is recorded as both a revenue and expense during the year.

Request for Information

The financial report is designed to provide a general overview of the Station's finances for all those who have an interest in its finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Controller, Elizabeth City State University, 1704 Weeksville Road, Elizabeth City, NC 27909.

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 659,742	$ 405,367
Accounts receivable, net	45,810	3,550
Total Current Assets	705,552	408,917
Noncurrent Assets:		
Capital assets, net	30,115	43,203
Other postemployment benefits asset	1,073	920
Total Noncurrent Assets	31,188	44,123
Total Assets	736,740	453,040
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	121,871	87,707
Deferred outflows related to other postemployment benefits	88,303	74,418
Total Deferred Outflows of Resources	210,174	162,125
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	1,895	21,231
Unearned revenue	567,597	293,559
Compensated absences, current portion	1,103	451
Total Current Liabilities	570,595	315,241
Noncurrent Liabilities:		
Compensated absences, noncurrent portion	10,240	10,831
Pension and other postemployment benefits liability	825,535	846,474
Total Noncurrent Liabilities	835,775	857,305
Total Liabilities	1,406,370	1,172,546
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	-	1,849
Deferred inflows related to other postemployment benefits	310,613	294,554
Total Deferred Inflows of Resources	310,613	296,403
NET POSITION		
Net investment in capital assets	30,115	43,203
Unrestricted	(800,184)	(896,987)
Total Net Position	$ (770,069)	$ (853,784)

The accompanying notes to the financial statements are an integral part of these statements.

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating Revenues:		
Federal contracts and grants	$ 96,822	$ 84,974
Corporation for Public Broadcasting Community Service Grants	155,276	157,236
Contributed services and facilities	97,651	96,898
Program underwriting	16,933	5,384
Total Operating Revenues	366,682	344,492
Operating Expenses:		
Salaries, wages, and benefits	180,176	223,376
Services	53,277	98,895
Depreciation expense	13,088	13,646
Rent	11,991	10,049
Supplies	34,774	29,036
Dues and subscriptions	26,900	17,957
Travel and lodging	-	1,490
Advertising	3,749	2,991
Telephone and utilities	762	1,461
Property insurance	258	1,185
Postage	646	402
Printing and copying	51	313
Total Operating Expenses	325,672	400,801
Operating Income (Loss)	41,010	(56,309)
Nonoperating Revenues:		
State appropriations	32,002	62,426
Fundraising income	-	6,617
Gifts	10,703	2,948
Net Nonoperating Revenues	42,705	71,991
Change in net position	83,715	15,682
Net position, beginning of year	(853,784)	(869,466)
Net position, end of year	$ (770,069)	$ (853,784)

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Federal contracts and grants	$ 362,677	$ 220,333
Corporation for public Broadcasting Community Service Grants	121,199	163,680
Program underwriting	16,933	5,384
Payments to vendors	(134,672)	(140,970)
Payments to employees	(154,467)	(157,659)
Net cash from operating activities	211,670	90,768
Cash flows from noncapital financing activities:		
State appropriations	32,002	62,426
Fundraising income	-	6,617
Contributed support	10,703	2,948
Net cash from noncapital financing activities	42,705	71,991
Net change in cash and cash equivalents	254,375	162,759
Cash and cash equivalents, beginning of year	405,367	242,608
Cash and cash equivalents, end of year	$ 659,742	$ 405,367
Reconciliation of change in operating (loss) income to net cash from operating activities:		
Operating (loss) income	$ 41,010	$ (56,309)
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation expense	13,088	13,646
Pension expense	(54,931)	(28,910)
Changes in operating assets and liabilities:		
Accounts receivable	(42,260)	26,352
Accounts payable and other liabilities	(19,336)	14,179
Compensated absences	61	(1,268)
Unearned revenue	274,038	123,078
Net cash from operating activities	$ 211,670	$ 90,768

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of organization

WRVS-FM, Elizabeth City State University (the "Station") is a public radio station operated by Elizabeth City State University (the "University") in Elizabeth City, North Carolina.

Note 2—Significant accounting policies

Basis of Presentation – The financial statements for fiscal years ended June 30, 2021 and 2020, are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. The Station is not a separate legal entity. Rather it is a department of the University and these departmental financial statements are presented for the purpose of reporting to the Corporation for Public Broadcasting, presented as a proprietary fund.

Basis of Accounting – The financial statements of the Station have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Non-exchange transactions, in which the Station receives (or gives) value without directly giving (or receiving) equal value in exchange, include State appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectable amounts, as soon as all eligibility requirements imposed by the provider are met, if probable of collection.

Cash and Cash Equivalents – This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, savings accounts, money market accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund ("STIF"). The STIF, maintained by the State Treasurer, has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

Accounts Receivable, Net – Receivables consist of amounts due from the federal government, State and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

Capital Assets – Capital assets are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Capital assets acquired prior to 1993 are stated at estimated historical cost at date of acquisition or estimated fair value at date of donation in the case of gifts. The Station, consistent with the Elizabeth City State University, capitalizes assets that have a value or cost in excess of $5,000 at the date of acquisition and an expected useful life of one or more years.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 15 years for radio and office equipment.

Deferred Outflows/Inflows of Resources – Deferred outflows and inflows of resources relate to the pension plan, as discussed in Note 7, and other postemployment benefits ("OPEB") other than pensions, as discussed in Note 8.

Note 2—Significant accounting policies (continued)

Compensated Absences – The Station's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out ("LIFO") method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated, unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the Station has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

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

> *Net Investment in Capital Assets* – This represents the Station's total investments in capital assets, net of accumulated depreciation or any related debt, if applicable.
>
> *Unrestricted Net Position* – Unrestricted net position are all assets not invested in capital assets or restricted by external parties.

Unearned Revenue – Unearned revenue consists of amounts received for underwriting and for fixed fee grants prior to the end of the fiscal year that will be earned in subsequent years.

Contributed Services and Facilities – Contributed services and facilities from the University consist of direct services provided to the Station and an allocation of costs and certain other indirect expenses incurred by the University on behalf of the Station.

Revenue and Expense Recognition – The Station classifies its revenues and expenses as operating or non-operating in the accompanying statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Station's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) sales and broadcast services and (2) certain federal, State, and local grants and contracts that are essentially contracts for services. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities, as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.*

Nonoperating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions and State appropriations that represent subsidies or gifts to the Station are considered nonoperating since these are capital or noncapital financing activities.

Note 2—Significant accounting policies (continued)

Corporation for Public Broadcasting Funding – The Corporation for Public Broadcasting (the "CPB") is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations, funded by federal appropriations authorized by the United States Congress and other sources.

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on Nonfederal Financial Support ("NFFS") and is presented in the accompanying statements of revenues, expenses, and changes in net position as State appropriations and gifts. NFFS is defined as the total value of cash and the fair market value or property and services received as either a contribution or a payment and meeting of all of the respective criteria for each.

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in Digital Television ("DTV"), all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating NFFS. This change excludes all revenues received for any capital purchases.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a State, any agency or political subdivision of a State, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

The CPB also distributes annual Community Service Grants ("CSGs") to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and, thereby, to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Note 2—Significant accounting policies (continued)

During the year ended June 30, 2021, the Station received an additional grant in the amount of $220,272 from the CPB as part of the CPB's distribution plan for the American Rescue Plan Act received as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). These funds provided to the Station are considered unrestricted and have no expenditure period. As of June 30, 2021, the Station did not recognize any revenue from these funds and the full grant amount is included in unearned revenue.

The grants are reported in the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Use of Estimates – The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimated and assumptions.

Note 3—Deposits

Cash and cash equivalents represent the Station's portion of deposits in the State Treasurer's Investment Pool totaling $659,742 and $405,367 as of June 30, 2021 and 2020, respectively. It is the State Treasurer's policy and practice for deposits not covered by federal depository insurance to be covered by collateral held by the State of North Carolina's agent in the name of the State and for investments to be held by the State's agent in the State's name.

G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; time deposits of specified institutions; prime quality commercial paper; and asset-backed securities with specified ratings.

Also, G.S. 147-69.1(c) authorizes the following: specified bills of exchange or time draft and corporate bonds and notes with specified ratings. G.S. 147-69.2 authorizes the following: general obligations of other assets; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

The financial statements and disclosures for the State Treasurer's Investment Pool are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's internet home page http://www.ncosc.net/ and clicking on "Financial Reports" or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Note 4—Capital assets, net

A summary of the changes in capital assets is presented as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, depreciable:				
Broadcast, production,				
and transmission	$ 308,501	$ -	$ -	$ 308,501
Less accumulated depreciation	265,298	13,088	-	278,386
Capital assets, net	$ 43,203	$ (13,088)	$ -	$ 30,115

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, depreciable:				
Broadcast, production,				
and transmission	$ 308,501	$ -	$ -	$ 308,501
Less accumulated depreciation	251,652	13,646	-	265,298
Capital assets, net	$ 56,849	$ (13,646)	$ -	$ 43,203

Depreciation expense charged to operations was $13,088 and $13,646 for the years ended June 30, 2021 and 2020, respectively.

Note 5—Accounts payable and other liabilities

Accounts payable and other liabilities consist of the following at June 30:

	2021	2020
Payable to vendors	$ 1,895	$ 16,150
Payroll liabilities	-	5,081
	$ 1,895	$ 21,231

Note 6—Net position

The deficit in unrestricted net position of ($800,184) and ($896,987) as of June 30, 2021 and 2020, respectively, has been significantly affected by transactions resulting from the recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities as shown in the following table:

	Amount
Net pension liability and related deferred outflows of resources and deferred infows of resources	$ (108,276)
Net OPEB liability (Retiree Health Benefit Fund) and related deferred outflows of resources and deferred inflows of resources	(817,698)
Effect on unrestricted net position	(925,974)
Total unrestricted net position before recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities	125,790
Total unrestricted net position	$ (800,184)

See Notes 7 and 8 for detailed information regarding the amortization of deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

Note 7—Pension plans

Defined Benefit Plan

All employees of the Station are University employees, thus all employees are able to participate in the pension plans offered by Elizabeth City State University.

*Plan Administ*ration – The State of North Carolina administers the Teachers' and State Employees' Retirement System ("TSERS") plan. This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State to provide pension benefits for general employees and law enforcement officers ("LEOs") of the State, general employees and LEOs of its component units, and employees of Local Education Agencies ("LEAs") and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units, along with LEAs and charter schools. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Note 7—Pension plans (continued)

Benefits Provided – TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions – Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The Station's contractually-required contribution rates for the years ended June 30, 2021 and 2020 were 14.78% and 12.97%, respectively, of covered payroll. The Station's total payroll to the pension plan were $84,425 and $113,218, and employer's contributions were $18,303 and $22,304, for the years ended June 30, 2021 and 2020, respectively.

The Station, or the University on the Station's behalf, made 100% of its annual required contributions for the years ended June 30, 2021 and 2020.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2020 *Annual Comprehensive Financial Report*. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page at http://www.osc.nc.gov/ and clicking on "Reports" or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting – The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position was determined on the same basis used by the pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position, have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investment – Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 *Annual Comprehensive Financial Report*.

Note 7—Pension plans (continued)

Net Pension Liability – At June 30, 2021 and 2020, the Station reported a liability of $230,147 and $197,486, respectively, for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018, and update procedures were used to roll forward the total pension liability to June 30, 2020 and 2019. The Station's proportion of the net pension liability was based on the present value of future salaries for the Station relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2020 and 2019, the Station's proportion were .00183% and .00190%, respectively, which was a decrease of .00007% and an increase of .00008% proportion measured as of June 30, 2019 and 2018, respectively.

Actuarial Assumptions – The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation date	12/31/2020	12/31/2019
Inflation	3.00%	3.00%
Salary increases*	3.50% - 8.10%	3.50% - 8.10%
Investment rate of return**	7.00%	7.00%

* Salary increases include 3.25% inflation and productivity factor.

** Investment rate of return is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e., teacher, general, law enforcement officer), and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuations were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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.

Note 7—Pension plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, (the valuation date) are summarized in the following table:

	Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**
Fixed Income	1.40%	1.40%
Global Equity	5.30%	5.30%
Real Estate	4.30%	4.30%
Alternatives	8.90%	8.90%
Opportunistic Fixed Income	6.00%	6.00%
Inflation Sensitive	4.00%	4.00%

The information above is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 is 1.20%.

Discount Rate – The discount rate used to measure the total pension liability was calculated at 7.00% for the December 31, 2019 valuation. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially-determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the plan at June 30, 2020 and 2019, respectively, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate:

	Net Pension Liability (Asset)		
Year	**1% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
2021	$ 414,210	$ 230,147	$ 75,756
2020	375,871	197,486	47,844

Note 7—Pension plans (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the years ended June 30, 2021 and 2020, the Station recognized pension expense of $68,458 and $68,336, respectively. As of June 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflows of Resources	
	2021	2020	2021	2020
Difference between actual and expected experience	$ 12,682	$ 16,519	$ -	$ 395
Changes of assumptions	7,799	21,043	-	-
Net difference between projected and actual earnings on pension plan investments	25,452	3,786	-	-
Change in proportion and differences between agency's contributions and proportionate share of contributions	6,330	7,101	-	1,454
Contributions subsequent to the measurement date	69,608	39,258	-	-
	$ 121,871	$ 87,707	$ -	$ 1,849

The amount of $69,608 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be included as a reduction to the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	Amount
2022	$ 19,249
2023	14,651
2024	10,781
2025	7,582
	$ 52,263

Additional detailed information about the defined benefit plan can be located in Elizabeth City State University's *Annual Comprehensive Financial Report*.

Note 8—Other postemployment benefits

The Station participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2019 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

Note 8—Other postemployment benefits (continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting – The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. 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 each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments – Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 *Annual Comprehensive Financial Report.*

Plan Descriptions

Health Benefits

Plan Administration – The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the "Plan"), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund ("RHBF") has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. RHBF is supported by a percent of payroll contribution from participating employing units. Each year, the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the Plan.

Note 8—Other postemployment benefits (continued)

Benefits Provided – Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 9. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, the University Employees' Optional Retirement Program ("ORP"), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium.

Sections 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amends Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the Teachers' and State Employees' Retirement System (or in an allowed local system unit), the Consolidated Judicial Retirement System, or the Legislative Retirement System prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

The Plan's and RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic postretirement benefit increases.

Contributions – Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The Station's contractually-required contribution rate for the year ended June 30, 2021 and 2020 were 6.68% and 6.47%, respectively, of covered payroll. The Station's contributions to the RHBF were $27,206 and $23,482 for the years ended June 30, 2021 and 2020, respectively. The Station assumes no liability for retiree healthcare benefits provided by the programs other than its required contribution.

Disability Income

Plan Administration – As discussed in Note 9, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina ("DIPNC"), a cost-sharing, multiple-employer, defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina system, community colleges, certain participating component units, LEAs which are not part of the reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Note 8—Other postemployment benefits (continued)

Benefits Provided – Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for workers' compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of $3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for workers' compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

For employees who had less than five years of membership service as of July 31, 2007 and meet the requirements for long-term disability on or after August 1, 2007 during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions – Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The Station's contractually-required contribution rate for the years ended June 30, 2021 and 2020 was 0.09% and 0.10%, respectively, of covered payroll. The Station's contributions to DIPNC were $365 and $364 for the years ended June 30, 2021 and 2020, respectively. The Station assumes no liability for long-term disability benefits under the Plan other than its contribution.

Note 8—Other postemployment benefits (continued)

Net OPEB Liability (Asset)

Net OPEB Liability – At June 30, 2021 and 2020, the Station reported liabilities of $595,387 and $648,988, respectively, for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2020 and 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 and 2018, and update procedures were used to roll forward the total OPEB liability to June 30, 2020 and 2019. The Station's proportion of the net OPEB liability was based on the present value of future salaries for the Station relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2020 and 2019, the Station's proportion was .00215% and .00205%, respectively, which were decreases of .00010% and .00001% from its proportion measured as of June 30, 2019 and 2018, respectively.

Net OPEB Asset – At June 30, 2021 and 2020, the Station reported an asset of $1,073 and $920, respectively, for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2018 and 2017. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 and 2019, and update procedures were used to roll forward the total OPEB liability to June 30, 2020 and 2019. The Station's proportion of the net OPEB asset was based on the present value of future salaries for the Station relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2020 and 2019, the Station's proportion was .00218% and .00213%, respectively, which were an increase of .00005% and an increase of .00001% from its proportion measured as of June 30, 2019 and 2018, respectively.

Actuarial Assumptions – The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2020 and 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2020 and 2019 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	
Valuation date	12/31/2020	12/31/2019
Inflation	3.00%	3.00%
Salary increases*	8.10%-3.5%	8.10%-3.50%
Investment rate of return**	7.00%	7.00%
Healthcare Cost Trend Rate - Medical	6.5% grading down to 5.00% by 2024	6.5% grading down to 5.00% by 2024
Healthcare Cost Trend Rate - Prescription Drug	9.50% grading down to 5.00% by 2029	9.5% grading down to 5.00% by 2028
Healthcare Cost Trend Rate - Medicare Advantage	Rantes are guaranteed for 2021-2025; 5% for yrs after 2026	6.50% grading down to 5.00% by 2024
Healthcare Cost Trend Rate - Administrative	3.00%	3.00%

* Salary increases include 3.5% inflation and productivity factor.

** Investment rate of return is net of pension plan investment expense, including inflation.
N/A - Not Applicable

Note 8—Other postemployment benefits (continued)

	Disability Income Plan of North Carolina	
Valuation date	12/31/2020	12/31/2019
Inflation	3.00%	3.00%
Salary increases*	3.50% - 8.10%	3.50% - 8.10%
Investment rate of return**	3.75%	3.75%
Healthcare Cost Trend Rate - Medical	6.00% grading down to 5.00% by 2026	6.50% grading down to 5.00% by 2024
Healthcare Cost Trend Rate - Prescription Drug	9.50% grading down to 5.00% by 2030	9.50% grading down to 5.00% by 2028
Healthcare Cost Trend Rate - Medicare Advantage	N/A	N/A
Healthcare Cost Trend Rate - Administrative	N/A	N/A

* Salary increases include 3.5% inflation and productivity factor.

** Investment rate of return is net of pension plan investment expense, including inflation.

N/A - Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e., teacher, general, law enforcement officer), and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The projected long-term investment returns and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projects are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020 and 2019.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30 (the valuation date) are summarized in the following table:

	Long-Term Expected Real Rate of Return	
Asset Class	**2020**	**2019**
Fixed Income	1.40%	1.40%
Global Equity	5.30%	5.30%
Real Estate	4.30%	4.30%
Alternatives	8.90%	8.90%
Opportunistic Fixed Income	6.00%	6.00%
Inflation Sensitive	4.00%	4.00%

Note 8—Other postemployment benefits (continued)

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 and 2019 (the valuation dates) was 1.40% and 1.40%, respectively.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2020 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2014, as amended for updates to certain assumptions (such as the long-term investment return, medical claims, and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate – The discount rate used to measure the total OPEB liability for RHBF were 2.21% and 3.50% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.21% and 3.50% were used as the discount rate used to measure the total OPEB liability for the years ended June 30, 2021 and 2020, respectively. The 2.21% and 3.50% rates are based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020 and 2019, respectively.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% and 3.75% for the years ended June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 8—Other postemployment benefits (continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the Station's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current discount rate for the years ended June 30:

	RHBF Net OPEB Liability		
Year	**1% Decrease (1.21%)**	**Current Discount Rate (2.21%)**	**1% Increase (3.21%)**
2021	$ 706,114	$ 595,388	$ 506,212
	1% Decrease (2.50%)	**Current Discount Rate (3.50%)**	**1% Increase (4.50%)**
2020	$ 771,256	$ 648,988	$ 551,123

	DIPNC Net OPEB Asset		
Year	**1% Decrease (2.00%)**	**Current Discount Rate (3.00%)**	**1% Increase (4.00%)**
2021	$ 926	$ 1,073	$ 1,215
2020	779	920	1,056

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates for the years ended June 30 2021 and 2020:

Year	**1% Decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 8.50%, Med. Advantage - 4.00 - 5.50%, Administrative - 2.00%)**	**Current Healthcare Cost Trend Rates (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 9.50%, Med. Advantage - 5.00 - 6.50%, Administrative - 3.00%)**	**1% Increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 10.50%, Med. Advantage - 6.00 - 7.50%, Administrative - 4.00%)**
RHBF-2021	$ 480,005	$ 595,388	$ 749,655
	(Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 6.25%, Med. Advantage - 3.00 - 4.00%, Administrative - 2.00%)	**(Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 7.25%, Med. Advantage - 4.00 - 5.00%, Administrative - 3.00%)**	**(Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 8.25%, Med. Advantage - 5.00 - 6.00%, Administrative - 4.00%)**
RHBF-2020	$ 534,409	$ 648,988	$ 799,688

Year	**1% Decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 8.50%, Administrative - 2.00%)**	**Current Healthcare Cost Trend Rates (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 9.50%, Administrative - 3.00%)**	**1% Increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 10.50%, Administrative - 4.00%)**
DIPNC-2021	$ 1,074	$ 1,073	$ 1,071
	1% Decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 8.50%)	**Current Healthcare Cost Trend Rates (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 9.50%)**	**1% Increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 10.50%)**
DIPNC-2020	$ 921	$ 920	$ 918

Note 8—Other postemployment benefits (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the years ended June 30, 2021 and 2020, the Station recognized OPEB expense of $31,421 and $27,456, respectively, for RHBF and $866 and $937, respectively, for DIPNC. At June 30, 2021 and 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Retiree Health Benefit Fund			
	Employer Balances of Deferred Outflow of Resources		Employer Balances of Deferred Inflows of Resources	
	2021	2020	2021	2020
Difference between actual and expected experience	$ 539	$ -	$ 23,292	$ 32,717
Changes of assumptions	26,111	31,193	241,618	195,114
Net difference between projected and actual earnings on pension plan investments	1,254	432	-	-
Change in proportion and differences between agency's contributions and proportionate share of contributions	31,903	17,614	45,437	66,629
Contributions subsequent to the measurement date	27,206	23,482	-	-
	$ 87,013	$ 72,721	$ 310,347	$ 294,460

	Disability Income Plan of North Carolina			
	Employer Balances of Deferred Outflow of Resources		Employer Balances of Deferred Inflows of Resources	
	2021	2020	2021	2020
Difference between actual and expected experience	$ 777	$ 940	$ -	$ -
Changes of assumptions	83	102	84	94
Net difference between projected and actual earnings on pension plan investments	-	175	182	-
Change in proportion and differences between agency's contributions and proportionate share of contributions	66	116	-	-
Contributions subsequent to the measurement date	364	364	-	-
	$ 1,290	$ 1,697	$ 266	$ 94

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 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:

Years Ending June 30:	RHBF	DIPNC
2022	$ (98,967)	$ 230
2023	(98,901)	157
2024	(27,399)	83
2025	(9,407)	130
2026	(15,866)	16
Thereafter	-	45
Total	$ (250,540)	$ 661

Note 9—Risk management and insurance

The Station is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by a combination of methods, including participation in various state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

A. Employee Benefit Plans

State Health Plan – Station employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan, a discretely presented component unit of the State of North Carolina. The State Health Plan is funded by employer and employee contributions. The State Health Plan has contracted with third parties to process claims. See Note 8, *Other postemployment benefits*, for additional information regarding retiree health benefits.

Death Benefit Plan of North Carolina – Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

Disability Income Plan – Short-term and long-term disability benefits are provide to Station employees through the Disability Income Plan of North Carolina, part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the Station up to the first six months of benefits and reimbursed by DIPNC for any additional short-term benefits. As discussed in Note 8, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

B. Other Risk Management and Insurance Activities

Automobile, Fire, and Other Property Losses – All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are $1,000,000 per claim and $10,000,000 per occurrence. The Station pays premiums to the North Carolina Department of Insurance for the coverage.

Employees' Liability Insurance – The risk of tort claims up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess employees' liability insurance up to $2,000,000 per claim and $10,000,000 in the aggregate per fiscal year, via contract with a private insurance company. The Station pays the premium, based on a composite rate, directly to the private insurer.

Employee Dishonesty and Computer Fraud – The Station is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $100,000 deductible.

Note 9—Risk management and insurance (continued)

Statewide Workers' Compensation Program – The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the Station's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The Station is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The Station retains the risk for workers' compensation.

Additional details on the state-administered risk management programs are disclosed in the State's *Annual Comprehensive Financial Report*, issued by the Office of the State Controller.

Note 10—Related party transactions

The University contributes support by providing certain administrative accounting staff to maintain accounting records, including cash receipts and cash disbursements, of $87,384 and $86,849 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in contributed services and facilities revenue and salaries, wages, and benefit expense on the accompanying statements of revenues, expenses, and changes in net position. The University also contributed office space, based on the allocation of square footage used by the Station, of $10,267 and $10,049 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in contributed services and facilities revenue and rent expense on the accompanying statements of revenues, expenses, and changes in net position. The University from time to time holds cash on behalf of the Station. At June 30, 2021 and 2020, the Station was owed $-0- from the University. These amounts are included in accounts receivable on the accompanying statements of net position.

Note 11—Concentrations

The Station receives a substantial portion of its revenue from two sources, the United States Department of Education ("DOE") and the CPB. During the years ended June 30, 2021 and 2020, the Station received 31% and 25%, respectively, of its total operating revenue and support in the form of Title III grants from the DOE, and 50% and 46%, respectively, in the form of grants from the CPB. If future DOE and CPB appropriations were significantly reduced, it could have a severe impact on the Station's ability to continue its operations. The Station does not expect the support from these sources will be substantially reduced in the near term.

Note 12—Risks and uncertainties

On March 11, 2020, the World Health Organization characterized the recent global outbreak of COVID-19 as a pandemic which has disrupted economic markets. The uncertainty of the economic impact, including the duration and spread of the outbreak, may impact the performance and cash flows of the Station. While the Station does not expect this matter to negatively impact its results of operations, cash flows, and financial position, the related impact cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Support Services	
	Programming and Production	Broadcasting	Total Program Services	Management and General	Total Expenses
Expenses:					
Salaries, wages, and benefits	$ -	$ 90,016	$ 90,016	$ 90,160	$ 180,176
Services	19,287	17,450	36,737	16,540	53,277
Depreciation expense	-	13,088	13,088	-	13,088
Rent	7,303	-	7,303	4,688	11,991
Supplies	7,907	26,737	34,644	130	34,774
Dues and subscriptions	-	-	-	26,900	26,900
Advertising	-	-	-	3,749	3,749
Telephone and utilities	-	-	-	762	762
Property insurance	-	258	258	-	258
Postage	646	-	646	-	646
Printing and copying	51	-	51	-	51
Total Expenses	$ 35,194	$ 147,549	$ 182,743	$ 142,929	$ 325,672

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services			Support Services	
	Programming and Production	Broadcasting	Total Program Services	Management and General	Total Expenses
Expenses:					
Salaries, wages, and benefits	$ -	$ 126,829	$ 126,829	$ 96,547	$ 223,376
Services	51,666	27,783	79,449	19,446	98,895
Depreciation expense	-	13,646	13,646	-	13,646
Rent	5,347	-	5,347	4,702	10,049
Supplies	-	25,627	25,627	3,409	29,036
Dues and subscriptions	-	-	-	17,957	17,957
Travel and lodging	-	1,490	1,490	-	1,490
Advertising	-	200	200	2,791	2,991
Telephone and utilities	-	-	-	1,461	1,461
Property insurance	-	1,185	1,185	-	1,185
Postage	402	-	402	-	402
Printing and copying	313	-	313	-	313
Total Expenses	$ 57,728	$ 196,760	$ 254,488	$ 146,313	$ 400,801

Cherry Bekaert LLP
CPAs & Advisors

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

To the Board of Trustees
WRVS-FM, Elizabeth City State University
Elizabeth City, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WRVS-FM, Elizabeth City State University (the "Station"), a public telecommunications entity operated by Elizabeth City State University (the "University"), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Station as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Station's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of Station's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Compliance and Other Matters

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

This communication is intended solely for the information and use of management, Board of Trustees, and others within the Station and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekaert LLP

Virginia Beach, Virginia
January 21, 2022