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

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

TABLE OF CONTENTS

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial 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, 2022 and 2021, 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 basic financial statements as listed in the table of contents.

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, 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.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Station's basic financial statements. The schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 February 10, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
February 10, 2023

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, 2022 with comparative information for the fiscal years ended June 30, 2021 and 2020. 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 noncapital financing activities.

A summary of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2022, 2021, and 2020 is as follows:

Comparative, Condensed Statements of Net Position
June 30, 2022, 2021, and 2020

	2022	2021	2020
ASSETS			
Current assets	$ 722,179	$ 705,552	$ 408,917
Noncurrent assets	17,943	31,188	44,123
Total Assets	740,122	736,740	453,040
Deferred outflows of resources	241,170	210,174	162,125
LIABILITIES			
Current liabilities	565,140	570,595	315,241
Noncurrent liabilities	812,143	835,775	857,305
Total Liabilities	1,377,283	1,406,370	1,172,546
Deferred inflows of resources	322,779	310,613	296,403
NET POSITION*			
Net investment in capital assets	17,585	30,115	43,203
Unrestricted	(736,355)	(800,184)	(896,987)
Total Net Position	$ (718,770)	$ (770,069)	$ (853,784)

* 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 $16,627 or 2% during fiscal year 2022 and increased $296,635 or 73% during fiscal year 2021. The increases in 2022 and in 2021 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 $13,245 or 42% during fiscal year 2022 and $12,935 or 29% during fiscal year 2021 due to depreciation of assets. Depreciation expense on capital assets was $12,530 and $13,088 for the years ended June 30, 2022 and 2021, respectively.

Current liabilities primarily consist of unearned revenue. Unearned revenue totaled $562,084, $567,597, and $293,559 at June 30, 2022, 2021, and 2020, 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 $801,022, $825,535, and $846,474 at June 30, 2022, 2021, and 2020, respectively.

The Station's deferred outflows of resources increased $30,996 or 15% and $48,049 or 30% at June 30, 2022 and 2021, respectively. The Station's deferred inflows of resources increased $12,166 or 4% and decreased $14,210 or 5% at June 30, 2022 and 2021, 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, 2022 increased by $51,299 compared to an increase of $83,715 and $15,682 in fiscal years 2021 and 2020, 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, 2022, 2021, and 2020

	2022	2021	2020
Operating Revenues and Support:			
Federal contracts and grants	$ 145,396	$ 96,822	$ 84,974
CPB Community Service grants	164,908	155,276	157,236
Other operating revenues	112,134	114,584	102,282
Total Operating Revenues and Support	422,438	366,682	344,492
Operating Expenses:			
Salaries, wages, and benefits	221,668	180,176	223,376
Services	111,136	53,277	98,895
Depreciation expense	12,530	13,088	13,646
Rent	11,260	11,991	10,049
Other operating expenses	83,569	67,140	54,835
Total Operating Expenses	440,163	325,672	400,801
Operating (Loss) Income	(17,725)	41,010	(56,309)
Nonoperating Revenues and Support:			
State appropriations	50,266	32,002	62,426
Fundraising income	4,669	-	6,617
Gifts	14,089	10,703	2,948
Total Nonoperating Revenues and Support	69,024	42,705	71,991
Change in net position	51,299	83,715	15,682
Net position, beginning of year	(770,069)	(853,784)	(869,466)
Net position, end of year	$ (718,770)	$ (770,069)	$ (853,784)

Total operating revenue increased $55,756 during fiscal year 2022 compared to an increase of $22,190 during fiscal year 2021. The increase is due primarily to a $48,574, or 50%, increase in Title III grants compared to fiscal year 2021.

Total operating expenses increased $114,491, or 35%, to $440,163, for the year ended June 30, 2022 compared to a decrease of $75,129, or 19%, to $325,672 for the year ended June 30, 2021. Operating expenses fall into two categories: 1) Program services, which represented approximately 62% and 56%; and 2) Support services, which represented approximately 38% and 43% of total operating expenses for fiscal years ended June 30, 2022 and 2021, 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, 2022, 2021, and 2020

	2022	2021	2020
Net cash from operating activities	$ (29,111)	$ 211,670	$ 90,768
Net cash from noncapital financing activities	69,024	42,705	71,991
Net change in cash and cash equivalents	39,913	254,375	162,759
Cash and cash equivalents, beginning of year	659,742	405,367	242,608
Cash and cash equivalents, end of year	$ 699,655	$ 659,742	$ 405,367

Net cash from operating activities shows net outflows of $29,111 and net inflows of $211,670 and $90,768 for the years ended June 30, 2022, 2021, and 2020, respectively. The major outflows were payments to employees of $174,070, $154,467, and $157,659 for the years ended June 30, 2022, 2021, and 2020, respectively. The major source of operating inflow was receipts of federal grants from the United States Department of Education of $139,056, $362,677, and $220,333 for the years ended June 30, 2022, 2021, and 2020, 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 membership drive biannually. In addition, the Station hosts The Robert L. Vaughan Border Clash High School Basketball Invitational. 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

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 699,655	$ 659,742
Prepaid expenses	1,980	-
Accounts receivable, net	20,544	45,810
Total Current Assets	722,179	705,552
Noncurrent Assets:		
Capital assets, net	17,585	30,115
Other postemployment benefits asset	358	1,073
Total Noncurrent Assets	17,943	31,188
Total Assets	740,122	736,740
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	98,968	121,871
Deferred outflows related to other postemployment benefits	142,202	88,303
Total Deferred Outflows of Resources	241,170	210,174
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	266	1,895
Unearned revenue	562,084	567,597
Compensated absences, current portion	2,790	1,103
Total Current Liabilities	565,140	570,595
Noncurrent Liabilities:		
Compensated absences, noncurrent portion	11,121	10,240
Pension and other postemployment benefits liability	801,022	825,535
Total Noncurrent Liabilities	812,143	835,775
Total Liabilities	1,377,283	1,406,370
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	112,507	-
Deferred inflows related to other postemployment benefits	210,272	310,613
Total Deferred Inflows of Resources	322,779	310,613
NET POSITION		
Net investment in capital assets	17,585	30,115
Unrestricted	(736,355)	(800,184)
Total Net Position	$ (718,770)	$ (770,069)

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, 2022 AND 2021

	2022	2021
Operating Revenues:		
Federal contracts and grants	$ 145,396	$ 96,822
Corporation for Public Broadcasting Community Service Grants	164,908	155,276
Contributed services and facilities	98,918	97,651
Program underwriting	13,216	16,933
Total Operating Revenues	422,438	366,682
Operating Expenses:		
Salaries, wages, and benefits	221,668	180,176
Services	111,136	53,277
Depreciation expense	12,530	13,088
Rent	11,260	11,991
Supplies	44,789	34,774
Dues and subscriptions	21,196	26,900
Travel and lodging	1,095	-
Advertising	14,294	3,749
Telephone and utilities	1,259	762
Property insurance	258	258
Postage	256	646
Printing and copying	422	51
Total Operating Expenses	440,163	325,672
Operating (Loss) Income	(17,725)	41,010
Nonoperating Revenues:		
State appropriations	50,266	32,002
Fundraising income	4,669	-
Gifts	14,089	10,703
Net Nonoperating Revenues	69,024	42,705
Change in net position	51,299	83,715
Net position, beginning of year	(770,069)	(853,784)
Net position, end of year	$ (718,770)	$ (770,069)

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

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Federal contracts and grants	$ 139,056	$ 362,677
Corporation for Public Broadcasting Community Service Grants	191,001	121,199
Program underwriting	13,216	16,933
Payments to vendors	(198,314)	(134,672)
Payments to employees	(174,070)	(154,467)
Net cash flows from operating activities	(29,111)	211,670
Cash flows from noncapital financing activities:		
State appropriations	50,266	32,002
Fundraising income	4,669	-
Contributed support	14,089	10,703
Net cash flows from noncapital financing activities	69,024	42,705
Net change in cash and cash equivalents	39,913	254,375
Cash and cash equivalents, beginning of year	659,742	405,367
Cash and cash equivalents, end of year	$ 699,655	$ 659,742
Reconciliation of change in operating (loss) income to net cash from operating activities:		
Operating (loss) income	$ (17,725)	$ 41,010
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation expense	12,530	13,088
Pension expense	(42,628)	(54,931)
Changes in operating assets and liabilities:		
Accounts receivable	25,266	(42,260)
Prepaid expenses	(1,980)	
Accounts payable and other liabilities	(1,629)	(19,336)
Compensated absences	2,568	61
Unearned revenue	(5,513)	274,038
Net cash flows from operating activities	$ (29,111)	$ 211,670

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, 2022 and 2021, 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 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)

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.

New Accounting Pronouncements – During the year ended June 30, 2022, the Station implemented GASB Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources as the commencement of the lease term. The implementation of GASB Statement No. 87 did not have an impact on the Station's financial statements.

Note 3—Deposits

Cash and cash equivalents represent the Station's portion of deposits in the State Treasurer's Investment Pool totaling $487,633 and $659,742 as of June 30, 2022 and 2021, 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 *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 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, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, depreciable:				
Broadcast, production, and transmission	$ 308,501	$ -	$ -	$ 308,501
Less accumulated depreciation	278,386	12,530	-	290,916
Capital assets, net	$ 30,115	$ (12,530)	$ -	$ 17,585

	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

Depreciation expense charged to operations was $12,530 and $13,088 for the years ended June 30, 2022 and 2021, respectively.

Note 5—Accounts payable and other liabilities

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

	2022	2021
Payable to vendors	$ 260	$ 1,895
	$ 260	$ 1,895

Note 6—Net position

The deficit in unrestricted net position of $(778,079) and $(800,184) as of June 30, 2022 and 2021, 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	$ (102,708)
Net OPEB liability (Retiree Health Benefit Fund) and related deferred outflows of resources and deferred inflows of resources	(779,923)
Effect on unrestricted net position	(882,631)
Total unrestricted net position before recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities	146,276
Total unrestricted net position	$ (736,355)

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 the 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, 2022 and 2021 were 16.38% and 14.78%, respectively, of covered payroll. The Station's total payroll to the pension plan were $56,422 and $84,425, and employer's contributions were $13,598 and $18,303, for the years ended June 30, 2022 and 2021, respectively.

The Station, or the University on the Station's behalf, made 100% of its annual required contributions for the years ended June 30, 2022 and 2021.

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 2021 *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 2021 *Annual Comprehensive Financial Report*.

Note 7—Pension plans (continued)

Net Pension Liability – At June 30, 2022 and 2021, the Station reported a liability of $89,169 and $230,147, respectively, for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and 2019, and update procedures were used to roll forward the total pension liability to June 30, 2022 and 2021. 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, 2022 and 2021, the Station's proportion were .00190% and .00183%, respectively, which was an increase of 00007% and an decrease of .00007% proportion measured as of June 30, 2021 and 2020, 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	12/31/2021	12/31/2020
Inflation	2.50%	3.00%
Salary increases*	3.25% - 8.10%	3.50% - 8.10%
Investment rate of return**	6.50%	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, 2020 valuations were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. 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	**2021**	**2020**
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, 2021 is 1.3%.

Discount Rate – The discount rate used to measure the total pension liability was calculated at 6.5% for the December 31, 2020 valuation. The projection of cash flows used to determine the discount rate assumed contributions from plan members will be made at the current contribution rate and 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, 2021 and 2020, respectively, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	Net Pension Liability (Asset)		
Year	**1% Decrease (5.50%)**	**Current Discount Rate (6.50%)**	**1% Increase (7.50%)**
2022	$ 299,108	$ 89,169	$ (85,342)
2021	414,210	230,147	75,756

Note 7—Pension plans (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the years ended June 30, 2022 and 2021, the Station recognized pension expense of $28,785 and $68,458, respectively. As of June 30, 2022 and 2021, 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	
	2022	2021	2022	2021
Difference between actual and expected experience	$ 5,012	$ 12,682	$ 2,025	$ -
Changes of assumptions	33,448	7,799	-	-
Net difference between projected and actual earnings on pension plan investments	-	25,452	110,482	-
Change in proportion and differences between agency's contributions and proportionate share of contributions	7,337	6,330	-	-
Contributions subsequent to the measurement date	53,171	69,608	-	-
	$ 98,968	$ 121,871	$ 112,507	$ -

The amount of $53,171 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
2023	$ (7,319)
2024	(11,160)
2025	(14,347)
2026	(33,884)
	$ (66,710)

Additional detailed information about the defined benefit plan can be located in the 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 2021 *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 TSERS. 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 TSERS (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 years ended June 30, 2022 and 2021 were 6.29% and 6.68%, respectively, of covered payroll. The Station's contributions to the RHBF were $26,768 and $27,206 for the years ended June 30, 2022 and 2021, 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.

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, 2022 and 2021 was .090%, of covered payroll. The Station's contributions to DIPNC were $19,849 and $365 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Station reported liabilities of $711,853 and $595,387, respectively, for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2021 and 2020. The total OPEB liability used to calculate the net OPEB liability 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, 2021 and 2020. 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, 2021 and 2020, the Station's proportion was .0023% and .00215%, respectively, which were an increases of .00015% and decrease .00010% from its proportion measured as of June 30, 2020 and 2019, respectively.

Net OPEB Asset – At June 30, 2022 and 2021, the Station reported an asset of $358 and $1,073, 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, 2021 and 2020, and update procedures were used to roll forward the total OPEB liability to June 30, 2022 and 2021. 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, 2021 and 2020, the Station's proportion was .00219% and .00218%, respectively, which was an increase of .00001% and an increase of .00005% from its proportion measured as of June 30, 2020 and 2019, respectively.

Actuarial Assumptions – The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2021 and 2020, 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, 2021 and 2020 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	
Valuation date	12/31/2021	12/31/2020
Inflation	2.50%	3.00%
Salary increases*	7.30% grading down to 3.25%	8.10%-3.5%
Investment rate of return**	3.00%	7.00%
Healthcare Cost Trend Rate - Medical	6.0% grading down to 5.00% by 2026	6.5% 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 2029
Healthcare Cost Trend Rate - Medicare Advantage	Rates are guaranteed for 2021-2025; 5% for yrs after 2030	Rates are guaranteed for 2021-2025; 5% for yrs after 2026
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	12/31/2021	12/31/2020
Inflation	3.25%	3.00%
Salary increases*	3.25%-8.05%	3.50% - 8.10%
Investment rate of return**	3.00%	3.75%
Healthcare Cost Trend Rate - Medical	6.00% grading down to 5.00% by 2030	6.00% grading down to 5.00% by 2026
Healthcare Cost Trend Rate - Prescription Drug	9.50% grading down to 5.00% by 2030	9.50% grading down to 5.00% by 2030
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, 2021 and 2020.

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	**2021**	**2020**
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, 2021 and 2020 (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, 2021 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2015, 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 2.16% and 2.21% for the years ended June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed 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 2.16% and 2.21% were used as the discount rate used to measure the total OPEB liability for the years ended June 30, 2022 and 2021, respectively. The 2.16% and 2.21% rates are based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021 and 2020, respectively.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% for the years ended June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed contributions from plan members will be made at the current contribution rate and 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%)**
2022	$ 846,739	$ 711,853	$ 602,611
	1% Decrease (1.21%)	**Current Discount Rate (2.21%)**	**1% Increase (3.21%)**
2021	$ 706,114	$ 595,388	$ 506,212

	DIPNC Net OPEB Asset		
Year	**1% Decrease (2.00%)**	**Current Discount Rate (3.00%)**	**1% Increase (4.00%)**
2022	$ (226)	$ 358	$ (481)
2021	926	1,073	1,215

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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates for the years ended June 30 2022 and 2021:

Year	**1% Decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 8.50%, Med. Advantage - 4.00%, Administrative - 2.00%)**	**Current Healthcare Cost Trend Rates (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 9.50%, Med. Advantage - 5.00%, Administrative - 3.00%)**	**1% Increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 10.50%, Med. Advantage - 6.00%, Administrative - 4.00%)**
RHBF-2022	$ 846,739	$ 711,853	$ 602,611
	(Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 8.25%, Med. Advantage - 4.50 - 4.00%, Administrative - 2.00%)	**(Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 9.50%, Med. Advantage - 5.00 - 6.00%, Administrative - 3.00%)**	**(Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 8.25%, Med. Advantage - 5.00 - 6.00%, Administrative - 4.00%)**
RHBF-2021	$ 480,005	$ 595,388	$ 749,655

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-2022	$ (226)	$ 358	$ (481)
	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

Note 8—Other postemployment benefits (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the years ended June 30, 2022 and 2021, the Station recognized OPEB expense of $34,461 and $31,421, respectively, for RHBF and $808 and $866, respectively, for DIPNC. At June 30, 2022 and 2021, 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	
	2022	2021	2022	2021
Difference between actual and expected experience	$ 4,203	$ 539	$ 13,251	$ 23,292
Changes of assumptions	58,223	26,111	172,996	241,618
Net difference between projected and actual earnings on pension plan investments	-	1,254	364	-
Change in proportion and differences between agency's contributions and proportionate share of contributions	51,557	31,903	23,531	45,437
Contributions subsequent to the measurement date	26,768	27,206	-	-
	$ 140,751	$ 87,013	$ 210,142	$ 310,347

	Disability Income Plan of North Carolina			
	Employer Balances of Deferred Outflow of Resources		Employer Balances of Deferred Inflows of Resources	
	2022	2021	2022	2021
Difference between actual and expected experience	$ 914	$ 777	$ -	$ -
Changes of assumptions	63	83	130	84
Net difference between projected and actual earnings on pension plan investments	35	-	-	182
Change in proportion and differences between agency's contributions and proportionate share of contributions	71	66	-	-
Contributions subsequent to the measurement date	368	364	-	-
	$ 1,451	$ 1,290	$ 130	$ 266

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
2023	$ (92,332)	$ 254
2024	(16,464)	180
2025	2,993	227
2026	(3,926)	113
2027	13,570	49
Thereafter	-	130
	$ (96,159)	$ 953

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 TSERS. 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 provided 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 $88,651 and $87,384 for the years ended June 30, 2022 and **2021**, 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 for both years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, the Station received 34% and 31%, respectively, of its total operating revenue and support in the form of Title III grants from the DOE, and 39% and 50%, 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.

SUPPLEMENTAL INFORMATION

WRVS-FM, ELIZABETH CITY STATE UNIVERSITY
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services			Support Services	
	Programming and Production	Broadcasting	Total Program Services	Management and General	Total Expenses
Expenses:					
Salaries, wages, and benefits	$ -	$ 113,925	$ 113,925	$ 107,743	$ 221,668
Services	76,749	15,626	92,375	18,761	111,136
Depreciation expense	-	12,530	12,530	-	12,530
Rent	7,153	-	7,153	4,107	11,260
Supplies	4,055	40,734	44,789	-	44,789
Dues and subscriptions	-	-	-	21,196	21,196
Travel and lodging	-	-	-	1,095	1,095
Advertising	-	-	-	14,294	14,294
Telephone and utilities	-	-	-	1,259	1,259
Property insurance	-	258	258	-	258
Postage	256	-	256	-	256
Printing and copying	422	-	422	-	422
Total Expenses	$ 88,635	$ 183,073	$ 271,708	$ 168,455	$ 440,163

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

Cherry Bekaert
Your Guide Forward

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated February 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of 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 opinions 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 the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cherry Bekaert LLP

Virginia Beach, Virginia
February 10, 2023