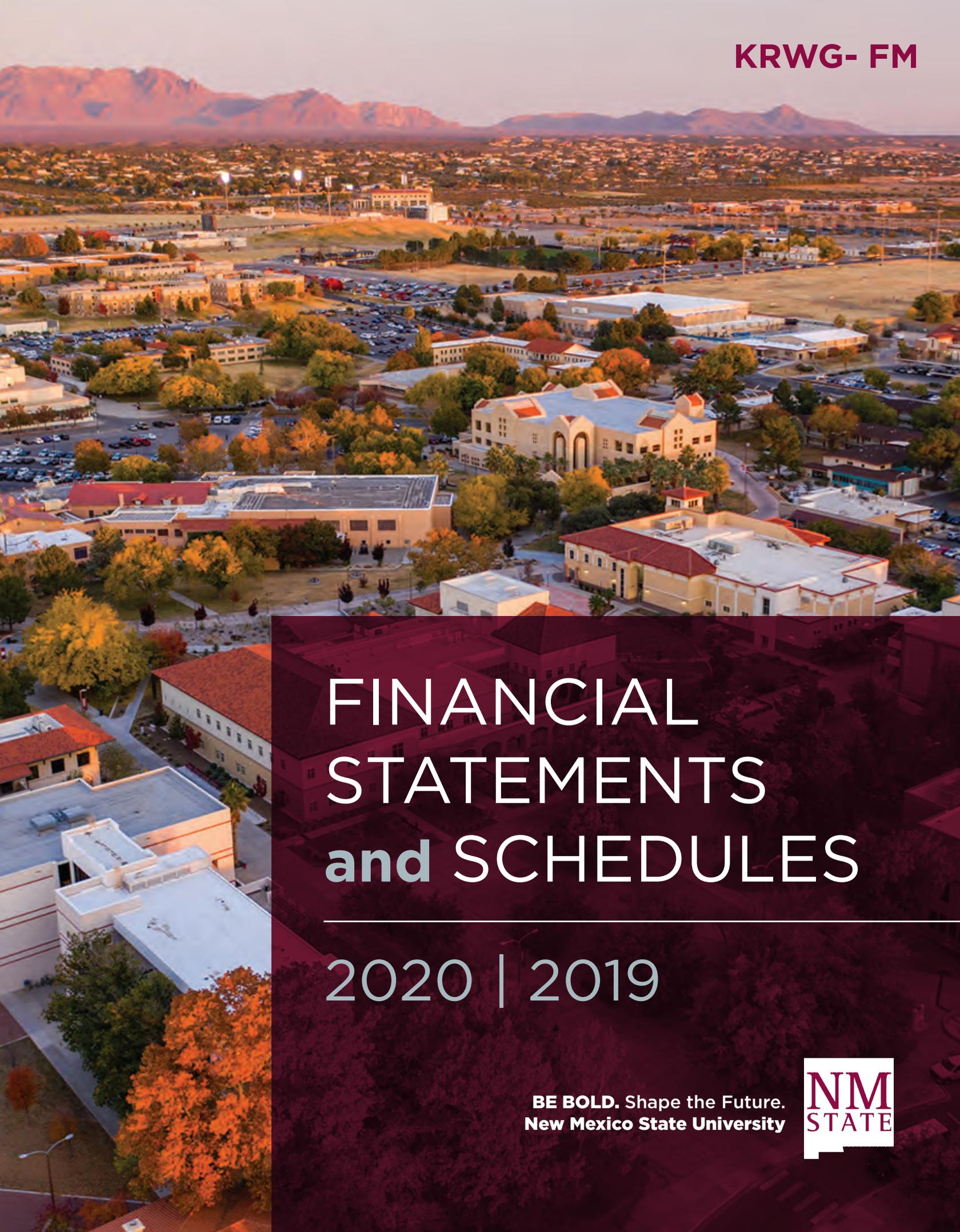


KRWG- FM



FINANCIAL STATEMENTS and SCHEDULES

2020 | 2019

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New Mexico State University



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June 30, 2020 and 2019**

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KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

The Board of Regents
KRWG-FM:

We have audited the accompanying financial statements of New Mexico State University KRWG-FM (the Station), a department of New Mexico State University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements for the years then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Mexico State University KRWG-FM, a department of New Mexico State University, as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

Departmental Financial Statements

As discussed in Note 1, the financial statements of New Mexico State University KRWG-FM, a department of New Mexico State University, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of New Mexico State University that is attributable to the transactions of New Mexico State University KRWG-FM. They do not purport to, and do not, present fairly the financial position of New Mexico State University as of June 30, 2020 and 2019, the changes in its financial position or its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of proportionate share of net pension liability and employer contributions, and schedule of changes in net OPEB liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Albuquerque, New Mexico
December 15, 2020

This discussion and analysis of KRWG-FM (the Station) and its financial performance provides an overview of the Station's financial activities for the fiscal years ended June 30, 2020, 2019 and 2018.

Using This Annual Report

This annual report contains the following financial statements: Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. KRWG-FM's address is: KRWG-FM, MSC TV 22, P.O. Box 30001, Las Cruces, NM 88003.

Financial Highlights

The Station's net position increased by \$550,421 in fiscal year 2020 as compared to a decrease of \$70,222 in fiscal year 2019. The most significant change in fiscal year 2020 is due to the Station recognizing a negative adjustment to pension expense of \$317,042 due to the changes in pension obligations. In addition, the station received \$112,136 emergency stabilization funding from Corporation for Public Broadcasting (CPB) included in the Coronavirus Aid Relief and Economic Security Act (CARES Act). The decrease in 2019 is due to the increase in the pension liability, required by GASB 68.

In fiscal year 2020, the Station's operating expenses decreased by \$529,372. This decrease is due to the negative adjustment to pension expenses as well as an overall decline in operating expenses. In fiscal year 2019, the Station's operating expenses increased by \$38,236. This increase is mainly due to an increase in pension expense as required by GASB 68. In 2020, the other non-operating revenues increased by \$112,136, which is attributed to the stabilization funding from CPB. In 2020, operating revenues increased by \$29,961, which is attributed to an increase in CPB operating funding. In 2019, the operating revenues decreased by \$8,909, which is mainly due to a decrease in underwriting revenues.

Reporting on KRWG-FM's Activities

Financial Highlights

KRWG-FM's condensed financial information as of, and for the years ended June 30, 2020, 2019 and 2018 are provided in the following table:

	2020	2019	2018
Current assets	\$ 1,324,834	\$ 1,100,680	\$ 924,288
Other assets	303,892	289,527	275,113
Deferred outflow of resources	237,370	405,706	395,716
Total assets and deferred outflows of resources	\$ 1,866,096	\$ 1,795,913	\$ 1,595,117
Current liabilities	\$ 269,480	\$ 267,609	\$ 196,383
Noncurrent liabilities	999,577	1,606,849	1,405,020
Deferred inflows of resources	238,935	113,772	115,809
Net investment in capital assets	1,228	4,690	7,877
Restricted for non-expendable endowments	302,664	284,837	267,236
Restricted for expendable endowments	10,232	9,733	8,691
Unrestricted	43,980	(491,577)	(405,899)
Total liabilities, deferred inflows of resources and net position	\$ 1,866,096	\$ 1,795,913	\$ 1,595,117
Operating revenues	\$ 301,632	\$ 271,671	\$ 280,580
Operating expenses	528,028	1,057,400	1,019,164
Operating loss	(226,396)	(785,729)	(738,584)
Non-operating revenue	768,722	706,597	622,969
Other revenue	8,095	8,910	21,831
Change in net position	550,421	(70,222)	(93,784)
Net position			
Beginning of year, as previously reported	-	-	231,107
Change in accounting principle (Note 2)	-	-	(259,418)
Beginning of year, as restated	(192,317)	(122,095)	(28,311)
End of year	\$ 358,104	\$ (192,317)	\$ (122,095)

Overview of the Financial Statements

The Statement of Net Position of KRWG-FM provides information about KRWG-FM's overall financial status. The Statement of Revenues, Expenses, and Changes in Net Position provides information about the operating revenues and operating expenses and the non-operating revenues and non-operating expenses of KRWG-FM. The Statement of Cash Flows provides information about the sources and uses of cash.

In 2020 total assets increased by \$238,519, deferred outflows decreased by \$168,336, total liabilities decreased by \$605,401, deferred inflows increased by \$125,163 and net position increased by \$550,421. In 2019 total assets increased by \$190,806, deferred outflows increased by \$9,990, total liabilities increased by \$273,055, deferred inflows decreased by \$2,037 and net position decreased by \$70,222.

Statements of Net Position

Assets – In 2020, 2019 and 2018 the majority of the assets were in the form of cash and investments, \$1,552,689, \$1,315,200 and \$1,126,284 respectively. Assets are held by KRWG-FM's fiscal agent, New Mexico State University. The University participates in a Common Endowment Pool (Pool) managed by the New Mexico State University Foundation (the Foundation) on behalf of the University.

Capital Assets – In 2020, 2019 and 2018 capital assets were \$1,228, \$4,690, and \$7,877, respectively. The decrease is primarily due to depreciation expense of \$3,462, \$3,187 and \$5,422, respectively. There were no additions in 2020, 2019 or 2018.

Liabilities and Net Position – In 2020, 2019 and 2018 current liabilities were \$269,480, \$267,609, and \$196,383, respectively. The variance between 2020 and 2019 is minimal and the increase from 2018 to 2019 is caused by an increase in unearned revenue. Non-current liabilities in 2020, 2019 and 2018 were \$999,577, \$1,606,849, and \$1,405,020, respectively. The variance between 2020 and 2019 is caused by a reduction in the pension liability. The variance between 2019 and 2018 is attributable to an increase in the pension liability. The net position for 2020, 2019 and 2018 was \$358,104, \$(192,317), and \$(122,095), respectively. These variances are mainly contributed to the fluctuations in the pension liability, the post-employment liability and related deferred outflows and deferred inflows.

The pension liability, other post-employment benefit liability, deferred outflows and deferred inflows are related to the requirements of GASB 68 and GASB 75.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues – Operating revenue earned in 2020, 2019 and 2018 were derived from grants from the CPB, underwriting and sales and services. Non-operating revenue was derived from direct administrative support, membership receipts and other gifts and revenue sources.

Expenses – Operating expenses incurred in 2020, 2019 and 2018 were derived from salaries and fringe benefits, pension and other post-employment expenses, programming dues, supplies and services and depreciation expense of capital assets.

This financial report is designed to provide a general overview of KRWG-FM's finances for all those with an interest in KRWG-FM's finances.

**New Mexico State University
 KRWG - FM
 Statements of Net Position
 As of June 30, 2020 and 2019**

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 639,879	\$ 529,005
Investments	610,146	501,358
Prepaid expenses	51,323	49,383
Accounts receivable	23,486	20,934
Total current assets	<u>1,324,834</u>	<u>1,100,680</u>
Non-current assets		
Restricted - investments	302,664	284,837
Capital assets - equipment, net	1,228	4,690
Total non-current assets	<u>303,892</u>	<u>289,527</u>
TOTAL ASSETS	<u>1,628,726</u>	<u>1,390,207</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>237,370</u>	<u>405,706</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,361	6,374
Unearned revenue	266,119	261,235
Total current liabilities	<u>269,480</u>	<u>267,609</u>
Non-current liabilities		
Net pension liability	738,091	1,346,801
Other post-employment benefit liability	242,442	246,276
Compensated absences	19,044	13,772
Total non-current liabilities	<u>999,577</u>	<u>1,606,849</u>
TOTAL LIABILITIES	<u>1,269,057</u>	<u>1,874,458</u>
DEFERRED INFLOWS OF RESOURCES	<u>238,935</u>	<u>113,772</u>
NET POSITION		
Net investment in capital assets	1,228	4,690
Restricted for:		
Non-expendable:		
Endowments	302,664	284,837
Expendable:		
Endowments	10,232	9,733
Unrestricted	43,980	(491,577)
TOTAL NET POSITION	<u>\$ 358,104</u>	<u>\$ (192,317)</u>

New Mexico State University

KRWG - FM

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES		
Operating revenues		
Corporation for Public Broadcasting grants	\$ 199,001	\$ 147,401
Underwriting	79,339	91,875
Underwriting in-kind fees	3,851	5,970
Sales and services	<u>19,441</u>	<u>26,425</u>
Total operating revenues	<u>301,632</u>	<u>271,671</u>
EXPENSES		
Operating expenses		
Programming and production	286,019	621,051
Broadcasting and technical	41,342	104,510
Public information	3,064	581
Management and general	109,918	171,698
Program services	57,517	111,994
Contractual services	26,706	44,379
Depreciation expense	<u>3,462</u>	<u>3,187</u>
Total operating expenses	<u>528,028</u>	<u>1,057,400</u>
Net operating loss	<u>(226,396)</u>	<u>(785,729)</u>
Non-operating revenues		
Facilities and administrative support	71,823	94,639
University appropriations	299,777	299,777
Membership and other non-exchange gifts	274,754	302,448
Interest income	10,232	9,733
Emergency stabilization funds	<u>112,136</u>	<u>-</u>
Net non-operating revenues	<u>768,722</u>	<u>706,597</u>
Loss before other revenues	542,326	(79,132)
Additions to permanent endowments	<u>8,095</u>	<u>8,910</u>
Decrease in net position	550,421	(70,222)
NET POSITION		
Beginning of year	<u>(192,317)</u>	<u>(122,095)</u>
End of year	<u>\$ 358,104</u>	<u>\$ (192,317)</u>

New Mexico State University
KRWG - FM
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Underwriting	\$ 71,975	\$ 89,821
Corporation for public broadcasting grants	208,697	213,861
Payments to suppliers	(336,442)	(350,368)
Payments for travel	(1,353)	(1,890)
Payments to employees and for employee benefits	(429,823)	(409,801)
Receipts from sales and services	19,441	26,425
Net cash used in operating activities	<u>(467,505)</u>	<u>(431,952)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
University appropriations	299,777	299,777
Membership and other non-exchange gifts and grants	274,754	302,448
Private gifts for endowment	8,095	8,910
Emergency stabilization funds	112,136	-
Net cash provided by non-capital financing activities	<u>694,762</u>	<u>611,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	61,241	173,685
Interest on investments	10,232	9,733
Purchase of investments	(187,856)	(230,633)
Net cash used in investing activities	<u>(116,383)</u>	<u>(47,215)</u>
Net increase in cash and cash equivalents	110,874	131,968
Cash and cash equivalents - beginning of year	529,005	397,037
Cash and cash equivalents - end of year	<u>\$ 639,879</u>	<u>\$ 529,005</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (226,396)	\$ (785,729)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Facilities and administrative support	71,823	94,639
Depreciation expense	3,462	3,187
Change in assets and liabilities:		
Accounts receivable	(2,552)	(4,261)
Prepaid expenses	(1,940)	(816)
Accounts payable and compensated absences	2,259	(4,737)
Net pension liability/OPEB and related deferred inflows and outflows of resources	(319,045)	197,098
Unearned revenue	4,884	68,667
Net cash used in operating activities	<u>\$ (467,505)</u>	<u>\$ (431,952)</u>

Note 1 – Organization, Nature of Operations and Reporting Entity

New Mexico State University KRWG-FM (the Station) is an unincorporated public telecommunication entity, established in 1964, supported by the Corporation for Public Broadcasting (CPB) and is a department of New Mexico State University (the University) under a license issued by the Federal Communications Commission. These financial statements present only the transactions related to the funds of the Station and do not purport to include the transactions of the University or of the State of New Mexico, of which the University is an enterprise fund.

The Station's purpose is to provide public educational radio to the community of Las Cruces, New Mexico and the surrounding areas.

Operating revenues are primarily derived from community service grants from the CPB and underwriting activities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation. The Station, being a department of the University, follows generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The assets, liabilities and activity of the Station are included in the separately issued financial statements of the University.

Basis of Accounting. For financial reporting purposes, the Station's financial statements have been presented in a single column using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, non-exchange transactions are recognized when all applicable eligibility requirements have been met.

Statement of Position. Current assets consist of unrestricted assets, which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are reported as non-current assets. Current liabilities consist of those liabilities that are due within one year.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or which have an original maturity date within ninety days. Cash of \$639,879 and \$529,005 was held by the University on behalf of the Station in a cash management pool at June 30, 2020 and 2019, respectively.

The Station follows all University established cash management procedures. In accordance with State of New Mexico Statutes, the University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University.

Investments. The Station's investment balances are on deposit with its fiscal agent. The University serves as the fiscal agent for the Station through which the Station participates in a Common Endowment Pool (Pool) managed by the New Mexico State University Foundation (the Foundation) on behalf of the University. Marketable securities are reported at fair value based on quoted market prices, except for certain alternative investments for which quoted market prices are not available. The estimated fair value of these alternative investments is based on the most recent valuations provided by the external investment managers. The Station believes the carrying amount of these financial instruments is a reasonable estimate of the fair value. Investments managed by the Foundation on behalf of the Station totaled \$912,810 and \$786,195 at June 30, 2020 and 2019, respectively. See Note 3 for further discussion of the relationship with the Foundation.

Accounts Receivable. Accounts receivable includes amounts due from underwriters that received the benefit of an on-air credit but had not paid a reciprocal amount of their pledge as of the fiscal year end. Station management believes all amounts are fully collectible.

Facilities and Administrative Support. Donated facilities from the University consist of office and studio space together with related occupancy costs. Administrative support consists of allocated institutional support and operation and maintenance of plant costs incurred by the University on behalf of the Station. The Station recognizes the revenue from donated facilities and administrative support offset by an expense to management and general. Donated facilities and administrative support amounted to \$71,823 and \$94,639 for the years ended June 30, 2020 and 2019, respectively.

Underwriting In-kind Fees. For the fiscal years ended June 30, 2020 and 2019, the Station received underwriting in-kind fees of \$3,851 and \$5,970. This amount does not meet the requirements of non-federal financial support as outlined by the CPB. These are exchange-type transactions where the station is providing broadcasting spots in exchange for goods and services.

Capital Assets. Capital assets, equipment having a minimum value of \$5,000 or greater, are recorded at cost or, if donated by an external source, at acquisition value at the date of donation. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Two class lives are used: 6 years and 15 years.

Current Liabilities. Current liabilities include accounts payable for goods and services received at the balance sheet date but payment for such goods and services had not been made. Unearned revenues from underwriting activities are the result of pledges being received in advance of the on-air credits that will be broadcast in the coming fiscal year. Unearned revenue also includes grant amounts received in excess of the grant revenue recognized through June 30, 2020 and 2019. The Station did not have any outstanding short-term or long-term debt at June 30, 2020 and 2019.

Annual and Sick Leave Policies.

Annual leave: Until June 30, 2019, regular full-time exempt and non-exempt employees earned annual leave at a rate of 20 working days per year. Effective July 1, 2019, regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working days per year. Annual leave accrual will be based on the employee's period of continuous service of employment at the University. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Up to 240 hours accumulated annual leave may be carried forward each July 1st, and may be paid upon termination of employment for regular employees only. Due to the COVID-19 pandemic, employees may carry forward up to 280 hours of annual leave after June 30, 2020. This annual leave balance can be used throughout fiscal year 2021, July 1, 2020 to June 30, 2021. This is 40 hours over the standard amount that can be carried forward. This is a temporary exception and will not alter the set payout maximum of 240 hours. The maximum annual leave balance will return to 240 hours at the end of June 2021. Accumulated annual leave is paid upon termination for regular employees only. Effective June 30, 2017, leave accrued in excess of 30 working days at the close of business on June 30 of each year shall be forfeited.

Sick leave: Regular full-time exempt and non-exempt employees earn sick leave at a rate of 12 working days per year. Employees may carry forward up to 100 days (800 hours) of sick leave. Prior to July 1, 2016, employees were paid for earned sick leave over 600 hours (not to exceed 200 hours) upon termination. Effective July 1, 2016, the sick leave payout benefit upon termination was discontinued; however, employees with sick leave balances of greater than 600 hours on that date will receive a grandfathered benefit. Upon termination, they will be paid for the number hours over 600 (not to exceed 200 hours) that they had on July 1, 2016 or the number that they have upon termination, whichever is less. The sick leave payment is made at a rate of 50 percent of the employee's straight-time hourly salary.

Faculty care leave: The University provides regular nine-month faculty with a paid leave benefit that can be used for any qualifying event under the federal Family and Medical Leave Act (FMLA). This benefit is referred to as "Faculty Care Leave". All regular nine-month faculty are eligible to participate in the benefit. No payment will be provided for accrued Faculty Care Leave balances upon separation from the University nor upon death.

Pensions. 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 Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University contracts with external actuaries to determine the balances in accordance with GASB 75. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflow of Resources. Consumption of net assets by the Station that is applicable to a future reporting period.

Deferred Inflow of Resources. Acquisition of net assets by the Station that is applicable to a future reporting period.

Amounts reported as deferred outflows of resources and deferred inflows of resources are as follows:

	2020	2019
Deferred Outflows of Resources		
Related to net pension liability	\$ 199,740	\$ 395,950
Related to OPEB liability	\$ 37,630	\$ 9,756
Total deferred outflows of resources	<u>\$ 237,370</u>	<u>\$ 405,706</u>
Deferred Inflows of Resources		
Related to net pension liability	\$ 177,100	\$ 81,642
Related to OPEB liability	61,835	32,130
Total deferred outflows of resources	<u>\$ 238,935</u>	<u>\$ 113,772</u>

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

- *Net investment in capital assets* represents the total capital assets net of accumulated depreciation used by the Station for operations.
- *Restricted net position, non-expendable* consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to principal.

- *Restricted net position, expendable* includes endowment resources which the Station is legally or contractually obligated to spend in accordance with restrictions imposed by donors or external third parties.
- *Unrestricted net position* consists of assets that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Income Taxes. The income generated by the University as an instrumentality of the State of New Mexico is generally excluded from federal income taxes under section 115(a) of the Internal Revenue Code. However, the University is subject to taxation on income derived from business activities not substantially related to the University's exempt function (unrelated business income under Internal Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

Classification of Revenues.

- *Operating revenues* include activities that have the characteristics of exchange transactions, such as grants from the CPB, underwriting pledges (reported as fundraising revenue) to the extent of broadcasted on-air credits, sales and services and underwriting in-kind fees.

All revenues not meeting this definition are reported as non-operating revenues. Additions to permanent endowments are reported separately as other changes in net position.

Classification of Expenses.

- *Operating expenses:* Operating expenses include activities that have the characteristics of exchange transactions, such as salaries and fringe benefits, supplies and services and depreciation expense.
- *Non-operating expenses* include activities that have characteristics of non-exchange transactions, such as the disposal of capital assets and other non-operating transactions.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Related Entity

The New Mexico State University Foundation, Inc. (the Foundation) is a non-profit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of the University, which includes the Station. During the fiscal years ended June 30, 2020 and 2019, the Foundation received \$187,857 and \$230,633 on behalf of the Station through various fund raising endeavors initiated and performed primarily by Station employees and volunteers. Such amounts are reported as underwriting, and membership and other non-exchange gifts in the accompanying Statements of Revenues, Expenses and Changes in Net Position. In addition, in 2020 and 2019, the Foundation invested permanently restricted endowment funds totaling \$302,664 and \$284,837, respectively, on behalf of the Station.

Endowment funds received in the fiscal years 2020 and 2019 amounted to \$8,095 and 8,910. Interest earned on endowment funds not available for expenditure totaled \$10,232 and \$9,733 for June 30, 2020 and 2019, respectively.

The University contributed \$299,777 of direct administrative support during each fiscal year ended June 30, 2020 and 2019.

Note 4 – Capital Assets

Capital assets of the Station consist of equipment having an initial cost of \$5,000 or greater and a useful life greater than one year. Donated assets having a fair market value at the date of the gift of \$5,000 or more and a useful life in excess of one year are also recorded as capital assets.

The changes in the capital asset balance for the year ended June 30, 2020 was as follows:

	Balance July 1 2019	Additions	Transfers	Retirements	Balance June 30 2020
Equipment	\$ 322,844	\$ -	\$ -	\$ -	\$ 322,844
Depreciation	(318,154)	(3,462)	-	-	(321,616)
Equipment, net	<u>\$ 4,690</u>	<u>\$ (3,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228</u>

The changes in the capital asset balance for the year ended June 30, 2019 was as follows:

	Balance July 1 2018	Additions	Transfers	Retirements	Balance June 30 2019
Equipment	\$ 322,844	\$ -	\$ -	\$ -	\$ 322,844
Depreciation	(314,967)	(3,187)	-	-	(318,154)
Equipment, net	<u>\$ 7,877</u>	<u>\$ (3,187)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,690</u>

Note 5 – Retirement Programs

A. Educational Retirement Act

Plan Description. Substantially all of the University's eligible employees, except those who participate in the Alternative Retirement Plan (ARP), participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) of the State of New Mexico (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

A summary of member and employer contributions to the Educational Retirement Board is provided below:

	2020	2019	2018
Employee's earning \$24,000 or less in 2020 & \$20,000 or less in 2019 & 2018:			
University contribution	14.15%	13.90%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning more than \$20,000:			
University contribution	14.15%	13.90%	13.90%
Employee contribution	10.70%	10.70%	10.70%
Station's contribution to ERB	\$ 43,465	\$ 39,584	\$ 43,850

For members hired after June 30, 2019, the multiplier applied to the final average compensation will accrue to the following schedule:

Years of Service	Benefit Percentage Earned
1-10	1.35%
11-20	2.35%
21-30	3.35%
31+	2.40%

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

The June 30, 2020 total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2019. At June 30, 2020 and 2019 the Station reported liabilities of \$738,091 and \$1,346,801, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2019. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2019, the Stations's proportion was .00974% which was a decrease of .00159% from its proportion measured as of June 30, 2018. At June 30, 2018, the Stations's proportion was .01133% which was an increase of .00119% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2020, the Station recognized a negative adjustment to pension expense of \$317,042 the changes in pension obligations. At June 30, 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 45,367
Changes of assumptions	103,999	-
Net difference between projected and actual earnings on pension plan investments	10,305	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	41,971	131,733
Station contributions subsequent to the measurement date	43,465	-
Total	<u>\$ 199,740</u>	<u>\$ 177,100</u>

For the year ended June 30, 2019, the Station recognized a pension expense of \$194,960. At June 30, 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 983	\$ 25,632
Changes of assumptions	277,569	-
Net difference between projected and actual earnings on pension plan investments	2,981	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	74,833	56,010
Station contributions subsequent to the measurement date	39,584	-
Total	<u>\$ 395,950</u>	<u>\$ 81,642</u>

The \$43,465 reported as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 43,264
2022	(34,672)
2023	(27,369)
2024	(2,048)
	<u>\$ (20,825)</u>

Actuarial assumptions: As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2018. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2019 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2019 incorporate the following assumptions:

All members with an annual salary of more than \$24,000 will contribute 10.70% during the fiscal year ended June 30, 2020 and thereafter.

Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

COLAs for most retirees are reduced until ERB attains a 100% funded status.

These assumptions were adopted by ERB on April 21, 2017 in conjunction with the six-year experience study period June 30, 2016.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine total pension liability included in the measurement are as follows:

Inflation	2.50%
Salary Increases	Composition; 2.50% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Single Discount Rate	7.25%
Mortality	Healthy Males - RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB from the table's base year of 2000. Healthy Females - GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.
Retirement Age	Experienced-based table rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six- year experience study for the period ended June 30, 2016.
Cost-of-living increases	1.90% per year, compounded annually
Payroll growth	3.00% per year
Contribution accumulation	5.5% increase per year for all years prior to the valuation date
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments is determined annually using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Changes of Benefit Terms and Assumptions: Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. House Bill 360 was signed into law on April 4, 2019 and modified several benefit provisions of the Plan. Key among those changes was an increase in employer contributions from 13.90% to 14.15% as noted previously in this footnote. Other changes were also adopted which positively benefited the unfunded status of the Plan. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	19%	
Equities - International	14%	
Fixed Income	26%	
Alternatives	40%	
Cash	1%	
Total	100%	7.25%

Discount rate: A single discount rate of 7.25% and 5.69% was used to measure the total ERB pension liability as of June 30, 2019 and June 30, 2018, respectively. For 2019, the single discount rate was based on an expected rate of return on pension plan investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. For 2018, the single discount rate was based on the expected rate of return on pension investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Station's proportionate shares of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2020 and 2019. In particular, the table presents the Station's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (6.25%) and (4.69%), or one percentage point higher, (8.25%) and (6.69%) than the single discount rate for June 30, 2020 and 2019, respectively.

	2020		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Station's proportionate share of the net pension liability	\$ 996,366	\$ 738,091	\$ 524,473

	2019		
	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
Station's proportionate share of the net pension liability	\$ 1,750,326	\$ 1,346,801	\$ 1,017,551

Pension plan fiduciary net position: Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2019 and 2018 which are publicly available at www.erb.org.

Note 6 – Other Postemployment Benefits Plan

Plan Description. New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay as you go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents.

Retirees, who have had 10 consecutive years of health insurance coverage with the Station at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree.

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2020 and 2019, 1,401 and 1,376 retirees met the eligibility requirements for health insurance, respectively.

Employees hired after June 30, 2016 are not offered this benefit.

Plan Participation Percentage. The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 88% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 91% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement.

Employees covered by benefit terms - At June 30, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
University's current retirees receiving benefits	1,802	1,740
Inactive employees entitled but not yet receiving benefits	-	-
Station's current active members	3	4

Current retirees receiving benefits are not tracked at the department level however they are tracked University wide. The number above for current retirees receiving benefits represents the University retirees and current active members are represented by the Stations active employees.

Annual OPEB Cost and Net OPEB Obligation. The Stations's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the Station's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Station's net OPEB obligation related for fiscal year 2020:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability - Start of Year (July 1, 2019)	\$ 246,276	\$ -	\$ 246,276
Changes for the year			
Service cost	8,461	-	\$ 8,461
Interest cost	7,615	-	7,615
Differences between expected and actual experience	(20,065)	-	(20,065)
Changes in assumptions or other inputs	41,171	-	41,171
Changes in proportion	(33,304)	-	(33,304)
Benefit payments	(7,712)	-	(7,712)
Net change in total OPEB liability	(3,834)	-	(3,834)
Net OPEB Liability - End of Year (June 30,2020)	<u>\$ 242,442</u>	<u>\$ -</u>	<u>\$ 242,442</u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2020.

The following table shows the components of the Station's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Station's net OPEB obligation related for fiscal year 2019:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Total OPEB Liability - Start of Year (July 1, 2018)	\$ 258,158	\$ -	\$ 258,158
Changes for the year			
Service cost	8,668	-	\$ 8,668
Interest cost	8,908	-	8,908
Changes in assumptions or other inputs	12,064	-	12,064
Changes in proportion	(31,785)	-	(31,785)
Benefit payments	(9,737)	-	(9,737)
Net change in total OPEB liability	(11,882)	-	(11,882)
Net OPEB Liability - End of Year (June 30,2019)	<u>\$ 246,276</u>	<u>\$ -</u>	<u>\$ 246,276</u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2019. The discount rate is the only applicable change in the valuation.

A summary of the key results are shown below for fiscal year ended June 30, 2020 and 2019:

	2020	2019
Present Value of Future Benefits	\$ 317,152	\$ 307,004
Total OPEB Liability (Beginning of Fiscal Year)	\$ 246,276	\$ 258,158
Total OPEB Liability (End of Fiscal Year)	\$ 242,442	\$ 246,276
Net OPEB Liability	\$ 242,442	\$ 246,276

For the year ended June 30, 2020, the Station recognized an OPEB reduction of expenses of \$2,003. At June 30, 2020, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,758
Changes of assumptions	36,723	3,337
Changes in proportion	907	43,740
Total	<u>\$ 37,630</u>	<u>\$ 61,835</u>

For the year ended June 30, 2019, the Station recognized an OPEB expense of \$18,151. At June 30, 2019, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 9,756	\$ 5,592
Changes in proportion	-	26,538
Total	<u>\$ 9,756</u>	<u>\$ 32,130</u>

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

Year Ending June 30	
2021	\$ (10,369)
2022	(10,369)
2023	(2,437)
2024	(1,030)
	<u>\$ (24,205)</u>

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2020, conducted in accordance with generally accepted actuarial principles.

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Discount Rate	3.50% per annum (BOY) 2.21% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	2.5% per annum
Inflation Rate	3.0% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 6.0% for retirees 65 years of age and under and 5.0% for retirees over 65 years of age and on an ultimate basis at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through March 2020. The annual age 60 The age 70 costs for retirees is \$3,334.
Mortality Rate	Pub-2010 mortality table with generational scale MP-2019.

Discount Rate. A single discount rate of 2.21% and 3.50% was used to measure the total OPEB liability as of June 30, 2020 and 2019, respectively.

Other Information. The discount rate was updated from the prior valuation. The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study. Experience/Assumptions gains and losses are amortized over a closed period of 3.8 years starting on July 1, 2019, equal to the average remaining service of active and inactive plan members (who have no future service). The Plan participation rates were updated to reflect the participation trend. Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis.

Health Care Trend Sensitivity Analysis. The following schedules measures the Net OPEB Liability if the health care cost trend rate used was 1% higher than than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2020 and 2019, respectively.

	2020		
	1% Decrease	Current Trend	1% Increase
Station's net OPEB liability	\$ 208,058	\$ 242,442	\$ 286,769

	2019		
	1% Decrease	Current Trend	1% Increase
Station's net OPEB liability	\$ 215,369	\$ 246,276	\$ 286,169

Discount Rate Sensitivity Analysis. The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2020 and 2019. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (1.21%) and (2.50%), or one percentage point higher, (3.21%) and (4.50%) than the single discount rate for June 30, 2020 and 2019, respectively.

	2020		
	1% Decrease (1.21%)	Current Discount Rate 2.21%	1% Increase (3.21%)
Station's net OPEB liability	\$ 285,548	\$ 242,442	\$ 208,596

	2019		
	1% Decrease (2.50%)	Current Discount Rate 3.50%	1% Increase (4.50%)
Station's net OPEB liability	\$ 283,109	\$ 246,276	\$ 216,602

Actuarial valuations of an ongoing plan 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Net OPEB liability and Related Ratios in accordance with GASB 75 (Schedule 5), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 7 – Risk Management

Through the University the Station participates in the State of New Mexico Risk Management Program (Risk Management) which provides liability and physical damage coverage. Risk Management program liability coverage includes most employee liability claims (excluding awards for wages); other claims falling outside this State program are generally covered under the University's supplementary liability coverage. After conferring with legal counsel concerning pending or threatened litigation and claims, the Station administration believes the outcome of pending or threatened litigation should not have a material adverse effect on the financial position or operations of the Station.

Schedule 1 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions
(unaudited)

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last ten fiscal years. Fiscal year 2015 was the first year of implementation, therefore only six years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	2020	2019	2018
Station's proportion of the net pension liability	0.00974%	0.01133%	0.01013%
Station's proportion share of the net pension liability	\$ 738,091	\$ 1,346,801	\$ 1,125,794
Station's covered-employee payroll	\$ 284,775	\$ 315,468	\$ 284,803
Station's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.18 %	426.92 %	395.29 %
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%	52.95%

	2017	2016	2015
Station's proportion of the net pension liability	0.01199%	0.01170%	0.01085%
Station's proportion share of the net pension liability	\$ 863,069	\$ 757,840	\$ 619,240
Station's covered-employee payroll	\$ 332,994	\$ 325,011	\$ 299,147
Station's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.18 %	233.17 %	207.00 %
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

Schedule of Employer Contributions - ERB Plan

	2020	2019	2018
Statutorily required employer contribution	\$ 43,465	\$ 39,584	\$ 43,850
Contribution in relation to the statutorily required contribution	43,465	39,584	43,850
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Station's covered-employee payroll	307,170	284,775	315,468
Contributions as percentage of covered-employee payroll	14.15 %	13.90 %	13.90 %

	2017	2016	2015
Statutorily required employer contribution	\$ 39,587	\$ 46,279	\$ 44,698
Contribution in relation to the statutorily required contribution	39,587	46,279	44,698
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Station's covered-employee payroll	284,803	332,994	325,011
Contributions as percentage of covered-employee payroll	13.90 %	13.90 %	13.90 %

Notes to Schedules:

Changes of Benefit Terms and Assumptions

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%. As of April 4, 2019, House Bill 360 was passed requiring all working retirees and the University to make regular employer contribution on eligible retiree wages. In addition, HB 360 increased the employer contribution percentage from 13.90% to 14.15%.

**Schedule 2 - Schedule of Changes in Net OPEB liability and Related Ratios in accordance with
GASB Statement 75. (unaudited)**

	2020	2019	2018
Total OPEB liability			
Service Cost	\$ 8,461	\$ 8,668	\$ 9,517
Interest	7,615	8,908	10,202
Current Recognized deferred outflows/(inflows):			
Difference between expected and actual experience	(20,065)	-	-
Changes of assumptions or other inputs	41,171	12,064	(10,330)
Changes in proportion	(33,304)	(31,785)	-
Benefit payments	<u>(7,712)</u>	<u>(9,737)</u>	<u>(10,649)</u>
Net change in total OPEB liability	\$ (3,834)	\$ (11,882)	\$ (1,260)
Total OPEB liability-beginning	<u>\$ 246,276</u>	<u>\$ 258,158</u>	<u>\$ 259,418</u>
Total OPEB liability-ending	<u>\$ 242,442</u>	<u>\$ 246,276</u>	<u>\$ 258,158</u>
Covered-employee payroll	\$ 114,479	\$ 127,246	\$ 164,416
Total OPEB liability as a percentage of covered-employee payroll	212 %	194 %	158 %

	2020	2019	2018
University's current retirees receiving benefits	1,802	1,740	1,716
Inactive employees entitled but not yet receiving benefits	-	-	-
Station's current active members	3	4	5

Current retirees receiving benefits are not tracked at the department level however they are tracked University wide. The number above for current retirees receiving benefits represents the University retirees and current active members are represented by the Stations active employees.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Station is showing three year's presentation. No assets are accumulated in a trust to pay the related benefits.