WKSU Radio Station

(A Public Telecommunications Entity
Operated as a Department of Kent State University)

Financial Report
June 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Kent State University
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We have reviewed the *Independent Auditor's Report* of the WKSU Radio Station, Portage County, prepared by RSM US LLP, for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Kent State University is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2021

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Independent Auditor's Report

President and Board of Trustees
of Kent State University

Report on the Financial Statements

We have audited the accompanying financial statements of WKSU Radio Station (a public telecommunications entity operated as a department of Kent State University), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WKSU Radio Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Emphasis of Matter
As discussed in Note 1, the financial statements of WKSU Radio Station 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 Kent State University that is attributable to the transactions of WKSU Radio Station. They do not purport to, and do not, present fairly the financial position of Kent State University as of June 30, 2021, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of the net OPEB asset/liability, and the schedule of OPEB contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the entity'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 WKSU Radio 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 entity's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
December 16, 2021

Introduction

The following discussion and analysis provides an overview of the financial position, activities, and cash flows of public radio station WKSU-FM (WKSU or the Station), which is licensed to Kent State University, as of and for the year ended June 30, 2021.

This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

WKSU, serves all or part of 22 counties in northeast Ohio and has the largest FM radio signal footprint in the region. Notable cities covered by WKSU's signal include Cleveland, Akron, Kent, and Canton, with seven transmission sites:

- 89.1 WKSV Thompson
- 89.3 WKRW Wooster
- 89.7 WKSU Kent (main signal)
- 90.7 WNRK Norwalk
- 91.5 WKRJ New Philadelphia
- 94.7 W234CX Mansfield
- 95.7 W239AZ Ashland

WKSU went on the air on October 2, 1950 and broadcasts from its main broadcast center, located on the Kent campus of Kent State University in Kent, Ohio.

The WKSU stations operate 24 hours a day throughout the year. WKSU also broadcast multi-channel digital HD Radio services. HD Channel 1 contains WKSU's primary news and music format, HD Channel 2 presents a hosted, all-folk music format from the popular FolkAlley.com, HD Channel 3 presents all classical music, and HD Channel 4 offers news and information exclusively.

In addition, WKSU provides an online streaming audio service. Through www.wksu.org, listeners have access to the programming featured on all four of WKSU's HD Radio channels. WKSU's award-winning website also presents in-depth international news and regional news from WKSU's distinguished news department. The same online services are available via WKSU's app for users of smartphones and tablet computers.

Noteworthy Financial Activity

On September 15, 2021 the Kent State University Board of Trustees approved the Public Service Operating Agreement with Ideastream Public Media for them to operate WKSU. The agreement took affect October 1, 2021. See Note 12 for further information.

In fiscal year 2020, COVID-19 directly affected general operating revenues and this continued into fiscal year 2021. Overall operating revenue decreased by 1.8 percent, primarily due to a decrease of underwriting revenue of 28.9 percent. A significant amount of WKSU's underwriting revenue comes from art organizations and other non-profits for events. Due to the coronavirus pandemic, most of these events were cancelled, which resulted in no promotional advertising and, therefore, directly affected WKSU's underwriting revenue. Underwriting revenue was partially offset by increases in membership and a special Corporation for Public Broadcasting (CPB) Coronavirus Aid, Relief, and Economic Security Act (CARES) grant which was received by WKSU.

Statements of Net Position

The statements of net position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources. Over time, increases or decreases in net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) are one indicator of the improvement or erosion of WKSU's financial health when considered with nonfinancial facts such as membership levels and the condition of facilities.

The table below presents condensed balances for the statements of net position:

	2021	2020	2019
Assets			
Current assets	$ 911,963	$ 738,076	$ 568,635
Noncurrent pledges	-	58,040	-
Net OPEB asset	73,477	-	-
Investments	1,669,442	1,320,425	1,391,747
Capital assets, net	1,085,490	1,234,501	1,286,113
Total assets	3,740,372	3,351,042	3,246,495
Deferred outflows of resources			
Pensions	72,568	179,300	315,351
OPEB	36,701	127,603	90,312
Total deferred outflows of resources	109,269	306,903	405,663
Total assets and deferred outflows of resources	$ 3,849,641	$ 3,657,945	$ 3,652,158
Liabilities			
Current liabilities	$ 340,076	$ 408,354	$ 407,644
Net pension liability	605,465	981,470	1,176,077
Net OPEB liability	-	684,452	689,925
Capital lease obligation	1,620	3,388	5,156
Total liabilities	947,161	2,077,664	2,278,802
Deferred inflows of resources			
Pensions	383,362	242,759	81,623
OPEB	307,468	135,205	1,872
Total deferred inflows of resources	690,830	377,964	83,495
Net Position			
Net investment in capital assets	1,082,102	1,231,113	1,386,591
Unrestricted (deficit)	(557,134)	(1,381,302)	(1,340,601)
Restricted:			
Nonexpendable	15,235	15,235	15,235
Expendable - station activities	1,671,447	1,337,271	1,228,636
Total net position	2,211,650	1,202,317	1,289,861
Total liabilities, deferred inflows and net position	$ 3,849,641	$ 3,657,945	$ 3,652,158

Statements of Net Position (Continued)

For the year ended June 30, 2021, total net position increased by $1,009,333. Unrestricted net position increased by $824,168 as GASB 68 and GASB 75 had a positive impact on unrestricted net position due to the Ohio Public Employees Retirement System (OPERS) having higher investment earnings and an increase in the discount rate for the OPEB plan. There was a decrease of net investment in capital assets by $149,011 which was due to depreciation expense. There were no additions or disposals of capital in for the year ending June 30, 2021. Restricted net position increased by $334,176, which is primarily due to endowment investment earnings.

Total assets increased by $389,330, primarily due to an increase of investments of $349,017 and accounts receivable of $269,786, partially offset by a decrease in capital assets of $149,011 and decreases in cash of $86,279. Total assets increased $104,547 from fiscal year 2019 to fiscal year 2020. This is due to the increase of investments of $34,312 and cash and cash equivalents of $340,326, partially offset by a decrease in capital assets of $157,246 and decreases in other current assets of $170,885.

Deferred outflows of resources decreased by $197,634 or 64.4 percent for fiscal year 2021. Deferred outflows of resources decreased $106,732 or 59.5 percent due to GASB 68 and $90,902 or 71.2 percent for GASB 75. Deferred outflows of resources decreased $136,051 or 43.1 percent due to GASB 68, this was offset by an increase $37,291 due to GASB 75 for fiscal year 2020.

Total liabilities decreased by $1,130,503 or 54.4 percent in fiscal year 2021. This was primarily due to a decrease in net pension liability by $376,005 or 38.3 percent and a decrease in net OPEB liability $757,929 or 110.7 percent. Total liabilities decreased by $201,138 or 8.8 percent in fiscal year 2020. This was primarily due to a decrease in net pension liability by $194,607 or 16.6 percent.

Deferred inflows of resources increased $312,866 or 82.8 percent in fiscal year 2021 due to change in assumptions for the OPEB plan and difference in projected and actual earnings of the plan investments. Deferred inflows of resources increased $294,469 or 352.7 percent in fiscal year 2020.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the operating results of the Station. The Station's revenues, expenses, and changes in net position for the years ended June 30 are summarized as follows:

	2021	2020	2019
Operating revenues:			
Contributions	$ 1,955,941	$ 1,857,481	$ 1,860,553
Folk Alley contributions	-	-	143,395
Underwriting	614,630	861,873	992,495
In-kind contributions	204,960	217,235	269,230
Grant revenue	562,945	467,598	419,149
Other income	104,522	102,533	118,286
Total operating revenue	3,442,998	3,506,720	3,803,108
Non-operating revenue:			
Friends gifts	19,182	22,131	-
Restricted gifts	61,960	271,127	91,570
Kent State University appropriations	455,815	785,565	546,643
Donated administration	934,491	938,821	1,030,608
Investment income (loss)	408,390	(1,152)	25,181
Total non-operating revenue	1,879,838	2,016,492	1,694,002
Total revenues	$ 5,322,836	$ 5,523,212	$ 5,497,110
Operating expenses:			
Programming and production	$ 2,145,764	$ 2,846,421	$ 2,923,065
Broadcasting	388,224	447,771	512,830
Public information	59,674	247,592	383,984
Management and general	575,372	720,241	675,123
Depreciation	149,011	157,246	215,386
Fundraising	646,741	717,773	678,959
Underwriting	348,717	473,712	459,892
Total operating expenses	$ 4,313,503	$ 5,610,756	$ 5,849,239

Operating revenue for fiscal year 2021 decreased by $63,722 or 1.8 percent. Underwriting revenue decreased $247,243 or 28.7 percent primarily due to COVID-19 pandemic. Underwriting decreases were offset by increases in membership contributions of $98,460 or 5.3 percent and increases from grant funding of $95,347 or 20.4 percent. WKSU secured additional grant money during 2021 from the Corporation of Public Broadcasting Covid-19 Rescue and Recovery ACT.

Operating revenue for fiscal year 2020 decreased by $296,388 or 7.8 percent. Folk Alley contributions decreased by $143,395 due to the ending of the WKSU ownership of Folk Alley at June 30, 2019. Underwriting revenue decreased $130,622 or 13.2 percent and in-kind contributions decreased by $51,995 or 19.3 percent primarily due to COVID-19 pandemic causing cancellations for many events from early March 2020 through the end of the fiscal year.

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

WKSU non-operating revenue decreased by $136,654 or 6.8 percent in fiscal year 2021. The decrease in University appropriations by $329,750 or 42.0 percent along with a decrease in restricted gifts of $209,167 or 77.2 percent is offset by an increase in investment income of $409,542 due to positive market performance.

WKSU non-operating revenue increased by $322,490 or 19.0 percent in fiscal year 2020. The increase is due to an increase in University appropriations by $238,922 or 43.7 percent. There was also an increase in non-operating gifts of $201,688 or 220.3 percent, due to a large one time gift received WKSU. There was also a decrease in investment activity of $26,333 or 104.6 percent due to market performance.

Operating expenses decreased by $1,297,253 or 23.1 percent from fiscal year 2020 to 2021. All departments experienced decreases in expenses due to budget cuts that were needed due to the COVID-19 pandemic. Program and production expenses decreased by $700,657 or 24.6 percent, public information expenses by $187,918 or 75.9 percent, and management and general decreased $144,869 or 20.1 percent, with the primary reason for the decreases in the departments due to elimination positions, which resulted in a reduction salaries and fringe benefits.

Operating expenses decreased by $238,483 or 4.1 percent from fiscal year 2019 to 2020. This was primarily due to decreases in Program and Production expenses of $76,644 or 2.6 percent and Public Information expenses of $136,392 or 35.5 percent, and offset by increase of expenses in Fundraising of $38,814 or 5.7 percent. Program and Production and Public Information each had a full time position eliminated from their departments, and Public information also had cuts in advertising expense. Fundraising experienced payroll increases due to a realignment of the membership department with job reclassification increasing salaries.

Economic Factors that Will Affect the Future of Public Radio and WKSU

Effective October 1, 2021, WKSU is operated by Ideastream Public Media. The Board of Trustees approved the Public Service Operating Agreement on September 15, 2021. This agreement will assist WKSU to become more efficient by combining some duplication of services. Ideastream Public Media and WKSU will have one news and information station by combining WCPN 90.3 with WKSU 89.7. WKSU will become the news and information station for all Northeast Ohio while WCPN will become a classical music station.

In fiscal year 2020 and fiscal year 2021, the COVID-19 pandemic caused a major disruption to organizations, institutions and businesses throughout Ohio. Reliance on WKSU for up to date local and state news grew exponentially in the spring of 2020. WKSU increased public service with significant and expanded reporting on the pandemic and its consequences, including airing all of the governors briefings live.

In response to the growth of digital media, WKSU continues to promote its distribution of programming via online streaming, mobile apps, and HD Radio broadcasts, offering listeners multiple channels of programming including folk and classical music. In fiscal year 2016, WKSU launched a new mobile-friendly version of the WKSU website based upon tools provided by NPR Digital Services. In fiscal year 2018, WKSU added to its digital offerings by creating custom smart speaker skills for WKSU streams, including the WKSU pledge free stream. Also in fiscal year 2018, WKSU enhanced the local digital experience for users of NPR One – an app that delivers curated NPR and WKSU content. In fiscal year 2019 WKSU continued to enhance smart speaker offerings and launched a multi-media project called "*OH Really?"*, a platform that allows WKSU listeners to take part in the process of sourcing stories. As the digital media audience continues to grow, WKSU is well positioned to serve those audiences and generate additional income from membership and underwriting.

Economic Factors that Will Affect the Future of Public Radio and WKSU (Continued)

WKSU's Commitment to News for Our Communities

WKSU maintains a strong presence in northeast Ohio. WKSU continues to focus on art, culture, sports, music, innovation and science. The station has long-time partnerships with newspapers through the region, our Kent State Journalism School and Ohio's Statewide Public Radio network to make sure that we are bringing our listeners the most broad range and important news to the region. Beginning in fiscal year 2022, WKSU, along with the new partnership with Ideastream Public Media, will become one news and information station providing the largest news coverage areas in Northeast Ohio.

Grant Awards

During fiscal year 2021, WKSU received four grant awards including an award from the Rescue and Recovery Act, totaling over $562,000. Granting institutions included Ohio Broadcast Educational Media Commission and the Corporation for Public Broadcasting (CPB).

WKSU News Awards – Fiscal Year 2021

Ohio Associated Press: Ohio Associated Press Media Editor Awards

- Best Broadcast Writing - Sarh Taylor "Fileters, Foggers and PAPR's: The Tools Custodians Use to Fight COVID-19"
- Best Sportscast - Amanda Rabinowitz and Terry Pluto; "The View from Pluto"
- Best Sports Feature - Kabir Bhatia "What is Futsal"
- Best Use of Sound - Kabir Bhatia "Protesters Take to Akron's Streets"
- Best Newscast - Amanda Rabinowitz
- Best Digital Presence - WKSU

Radio Television Digital News Association: Murrow Awards

- News Series – Staff "Reduce, Reuse, Recycle"
- Exxcellence in Video – Afi Scruggs, Ryan Loew, "What You Need to Know to Vote by Mail in Ohio"

Press Club of Cleveland: Ohio Excellence in Journalism Awards

- Inforgraphics - Staff; Reduce Reuse Refocus: A Recycling Guide for Northeast Ohio
- Radio News Website - Staff; wksu.org
- Public Service - Staff; Reduce Reuse Refocus
- News Writing- Sarah Taylor; Filters, Foggers and PAPRs: The Tools Custodians Use to Fight COVID-19
- On-Going Coverage- Staff; The Coronavirus Pandemic and Kelly Woodward; Informed Communities: Infant Mortality
- News- Kabir Bhatia; Protesters Take to Akron's Streets Again to Call for an End to Racism and Police Brutality
- Public Service- Homeowners Deal with New Threat
- Election 2020- Staff; Election Protection
- Use of Social Media - Staff; WKSU
- Radio/Podcast Show- Andrew Meyer; Understanding the New Normal: Summit County Public Health Commissioner Answers Coronavirus Questions

WKSU News Awards – Fiscal Year 2021 (Continued)

Public Media Journalists Association

- Investigative Reporting – 10 Years After the Housing Buffle, Hopeful Homeowners Deal with New Threat

Ohio Society of Professional Journalist Awards

- Best of Show – Radio: Best Anchor - Amanda Rabinowitz
- Best of Show – Radio: Best Newscast - Amanda Rabinowitz
- Best of Show – Radio: Best Reporter – Jeff St. Clair
- Best of Show – Radio: Best Public Affairs Program- Andrew Meyer, WKSU Dan Kuznicki, WKSU Jon Nungesser, WKSU Sarah Taylor, WKSU
- Best of Show – Radio: Best News Operation - Bhatia Mark Arehart Kelly Woodward Afi Scruggs Kellie Nock M.L. Schultze Carter Adams Ryan Loew
- Best Continuing Coverage - Rabinowitz, Brittany Nader
- Best Feature Reporting - An Area of Akron Was Once Known As Old Dublin. OH Really? - Kabir Bhatia
- Best Investigative Reporting - 10 Years After the Housing Bubble Burst, Hopeful Homeowners Deal with New Threat - ML Schultze
- Best Minority Issues Coverage - Akron Group Works to Help Black Babies Survive - Kelly Woodward
- Best Website – wksu.org
- Best Enterprise Reporting - Filters, Foggers and PAPRs: The Tools Custodians Use to Fight COVID-19 - Sarah Taylor
- Best Science/Medical Reporting - Coronavirus 4-1-1 - Jeff St. Clair
- Best Sports Reporting - Amanda Rabinowitz, WKSU Kabir Bhatia, WKSU Sean Fitzgerald, WKSU

WKSU Radio Station
(A public telecommunications entity operated as a department of Kent State University)

Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 356,020	$ 442,299
Receivables, net:		
Accounts	392,854	123,068
Pledges	-	15,518
Prepaid expense and other assets	163,089	157,191
Total current assets	911,963	738,076
Noncurrent assets:		
Pledges	-	58,040
Net OPEB asset	73,477	-
Investments	1,669,442	1,320,425
Capital assets, net	1,085,490	1,234,501
Total noncurrent assets	2,828,409	2,612,966
Total assets	3,740,372	3,351,042
Deferred outflows of resources		
Pensions	72,568	179,300
OPEB	36,701	127,603
Total deferred outflows of resources	109,269	306,903
Total assets and deferred outflows of resources	$ 3,849,641	$ 3,657,945
Liabilities		
Current liabilities:		
Accounts payable	$ 40,705	$ 19,460
Accrued expenses	265,005	362,608
Due to Kent State University, net	1,768	1,766
Unearned revenue	32,598	24,520
Total current liabilities	340,076	408,354
Noncurrent liabilities:		
Net pension liability	605,465	981,470
Net OPEB liability	-	684,452
Capital lease obligation	1,620	3,388
Total noncurrent liabilities	607,085	1,669,310
Total liabilities	947,161	2,077,664
Deferred inflows of resources		
Pensions	383,362	242,759
OPEB	307,468	135,205
Total deferred inflows of resources	690,830	377,964
Net Position		
Net investment in capital assets	1,082,102	1,231,113
Unrestricted (deficit)	(557,134)	(1,381,302)
Restricted:		
Nonexpendable	15,235	15,235
Expendable - station activities	1,671,447	1,337,271
Total net position	2,211,650	1,202,317
Total liabilities, deferred inflows and net position	$ 3,849,641	$ 3,657,945

See notes to financial statements.

WKSU Radio Station
(A public telecommunications entity operated as a department of Kent State University)

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

	2021	2020
Operating revenues:		
Contributions	$ 1,955,941	$ 1,857,481
Underwriting	614,630	861,873
In-kind contributions	204,960	217,235
Grant revenue	562,945	467,598
Other income	104,522	102,533
Total operating revenues	3,442,998	3,506,720
Operating expenses:		
Program and production	2,145,764	2,846,421
Broadcasting	388,224	447,771
Depreciation	149,011	157,246
Public information	59,674	247,592
Management and general	575,372	720,241
Fundraising	646,741	717,773
Underwriting	348,717	473,712
Total operating expenses	4,313,503	5,610,756
Net operating loss	(870,505)	(2,104,036)
Non-operating revenue:		
Friends gifts	19,182	22,131
Restricted gifts	61,960	271,127
Kent State University appropriations	455,815	785,565
Donated administration	934,491	938,821
Investment income (loss)	408,390	(1,152)
Total non-operating revenue	1,879,838	2,016,492
Change in net position	1,009,333	(87,544)
Total net position at beginning of year	1,202,317	1,289,861
Total net position at end of year	$ 2,211,650	$ 1,202,317

See notes to financial statements.

WKSU Radio Station
(A public telecommunications entity operated as a department of Kent State University)

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

	2021	2020
Cash flows from operating activities:		
Cash received from donors	$ 1,936,759	$ 1,936,593
Cash received from the community	717,152	972,780
Cash received from grants	562,945	467,598
Cash from endowments	59,373	64,536
Payments for employee compensation and benefits	(2,137,629)	(2,620,763)
Payments to suppliers and vendors	(1,821,209)	(1,523,777)
Net cash used in operating activities	(682,609)	(703,033)
Cash flows from noncapital financing activities:		
Restricted gifts	81,142	293,258
Cash received from Kent State University	455,815	785,565
Net cash provided by noncapital financing activities	536,957	1,078,823
Cash flows from investing activities:		
Investment activity, net	59,373	(35,464)
Net (decrease) increase in cash and cash equivalents	(86,279)	340,326
Cash and cash equivalents:		
Beginning	442,299	101,973
Ending	$ 356,020	$ 442,299
Reconciliation of net operating loss to net cash flows used in operating activities:		
Net operating loss	$ (870,505)	$ (2,104,036)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	149,011	157,246
Donated administration revenue and expense	934,491	938,821
Adjustments to reconcile change in net operating loss to net cash used in in operating activities:		
Accounts receivable, net	(269,786)	20,929
Pledges receivable, net	73,558	71,836
Prepaid expense and other assets	(5,898)	20,080
Net OPEB asset	(73,477)	-
Deferred outflows of resources - pensions	106,732	136,051
Deferred outflows of resources - OPEB	90,902	(37,291)
Net pension liability	(376,005)	(194,607)
Net OPEB liability	(684,452)	(5,473)
Accounts payable	21,245	(7,122)
Accrued expenses and other liabilities	(99,369)	29,695
Unearned revenue	8,078	(23,631)
Deferred inflows of resources - pensions	140,603	161,136
Deferred inflows of resources - OPEB	172,263	133,333
Net cash used in operating activities	$ (682,609)	$ (703,033)
Supplemental disclosures of non-cash operating activities:		
Non-cash - Donated administration revenue and expense	$ 934,491	$ 938,821
Non-cash - In-kind revenue and expense	$ 204,960	$ 217,235

See notes to financial statements.

Note 1. Organization and Operation

WKSU Radio Station (WKSU or the Station) is a regional public service radio station operating as a department of Kent State University (the University) whose purpose is to serve the educational and cultural needs of the northeastern Ohio community. WKSU is governed by the Board of Trustees of the University. Kent State University Foundation, Inc. (the Foundation) has been established as the gift-receiving arm of the University and also serves as the gift-receiving arm of WKSU. As such, the accompanying statements of net position and related statements of revenues, expenses, and changes in net position and cash flows reflect the assets owned by the University, designated for use by WKSU. WKSU is administered by the Vice President of University Relations and permanent staff. WKSU is funded mainly by community fundraising, underwriting contributions, federal and state grants, and appropriations from the University. Under Internal Revenue Code Section 115, the operations of the Station are exempt from income taxes as part of the overall operations of the University.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- **Net Investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted – nonexpendable:** Net position subject to externally imposed stipulations that the Station maintains such assets permanently.

- **Restricted – expendable:** Net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Generally, it is the Station's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted resources are available. Net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees.

The financial statements of WKSU have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the related liability has been incurred. For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement Nos. 34 and 35.

Cash and cash equivalents: The Station considers cash, time deposits and all other highly liquid investments with an original maturity of three months or less to be cash equivalents. Custodial credit risk on deposits with banks is the risk that in the event of a bank failure, the Station's deposits may not be available or returned. The Station does not have a deposit policy for custodial credit risk.

Note 2. Summary of Significant Accounting Policies (Continued)

Receivables, net: Accounts receivable consist primarily of sales of underwriting contracts for spots aired. An allowance for doubtful accounts, which totals approximately $15,000 and $8,600 as of June 30, 2021 and 2020, respectively, is determined based on management's judgment of potential uncollectible amounts, based on historical experience and type of receivable.

Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are record in the period in which the conditions have been met. Funds from pledges to be collected in future years are presented at net present value using a risk-free rate of return. Pledges receivable are reviewed annually to determine an allowance for uncollectible contributions. Based on management's judgement, considering such factors as prior collection history, type of contribution and nature of fundraising activity, an allowance of $0 and $7,800 as of June 30, 2021 and 2020, respectively, for uncollectible pledges has been provided.

Investments: Investments are reported in the statements of net position at estimated fair value. Investment income is recorded on the accrual basis and purchases and sales of investments are recorded on a trade-date basis.

Capital assets: Capital assets are stated at cost at the time of purchase or acquisition value at the date of gift. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives (3 to 40 years) of the respective assets. WKSU follows the University's policy to expense property additions less than $5,000 in the year purchased.

Accrued compensated absences: WKSU staff earn vacation up to a maximum of 25 days per year with a maximum accrual of 75 days. Upon termination, they are entitled to a payout of their accumulated balance. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation is recorded in accrued expenses in the statements of net position.

Unearned revenue: Unearned revenue consists of underwriting revenue that is collected, but the airtime spots were not aired as of the end of the year. Revenue as earned at the time spots are aired.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefit costs (OPEB): For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position of the OPERS plan and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: Deferred outflows of resources are a consumption of net position by WKSU that is applicable to a future reporting period. Deferred outflows of resources of WKSU consist of certain changes in the net pension liability and net OPEB liability/asset not included in pension expense and OPEB expense. Employer contributions to the pension plan and OPEB plan subsequent to the measurement date of the net pension liability and net OPEB liability/asset, respectively, are also required to be reported as a deferred outflow of resources of WKSU. Deferred inflows of resources are an acquisition of net position by WKSU that is applicable to a future reporting period. Deferred inflows of resources consist of certain changes in net pension liability not included in pension expense and net OPEB liability/(asset) not included in OPEB expense.

Revenue recognition: Contributions are received from corporations, foundations and individuals. Contribution revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements have been met. Grant revenue is recognized as revenue when all of the eligibility criteria have been met.

Operating and non-operating revenues and expenses: WKSU defines operating activities for purposes of reporting on the statements of revenues, expenses and changes in net position as those activities that generally result from exchange transactions such as payments received for providing goods, services and payments made for services or goods received and contributions and grants received for operating the station. Substantially all of WKSU's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues as required by GASB Statement No. 35, including certain restricted gifts for noncapital financing activities, University appropriations, donated administration and investment income.

In-kind contributions: In-kind contributions are reflected as contributions at their estimated fair value at the date of donation. WKSU reports gifts of professional services, materials, and other nonmonetary contributions as revenue in the accompanying statements of revenues, expenses and changes in net position.

Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WKSU's management to make estimates and assumptions that affect the reported amounts in the financial statements and the related disclosures during the reporting period. Actual results could differ from those estimates.

Subsequent events: WKSU has evaluated subsequent events occurring between the end of our most recent fiscal year and December 16, 2021, the date the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent and pending accounting pronouncements: Effective July 1, 2020, WKSU adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. There was no material impact on WKSU's financial statements due to the adoption of Statement No. 84.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It 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 Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. WKSU is currently evaluating the impact of this standard, however, based on the operating leases in effect today, the new lease standard is not expected to have a significant effect on WKSU's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective at various dates as outlined in the Statement. WKSU does not anticipate the adoption of this standard will have a significant impact on the financial statements.

Note 3. Pledges Receivable

Unconditional promises to give are included in the statements of net position as pledges receivable. The future expected cash flows from pledges receivable are discounted to their net present value.

Membership pledges are expected to be received within 12 months. Management has moved to a sustainer program and is phasing out monthly pledges. The sustainer model is where donors make a commitment to give monthly gifts. Revenue is recognized at the time the gift is received. All previous outstanding pledges were collected during the year ended June 30, 2021.

Note 4. Investments and Fair Value Measurements

Investment funds are either board-designated or restricted as to intended purpose and are invested with and managed by Kent State University Foundation, Inc. (the Foundation). These investments are held in the Foundation's name as part of the Foundation pool of investments. The cost and fair value of the investment funds for WKSU at June 30 were as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Board-designated	$ 271,896	$ 375,859	$ 282,940	$ 292,293
Restricted expendable	920,111	1,271,925	978,928	1,011,289
Restricted nonexpendable	15,235	21,658	15,235	16,843
Total	$ 1,207,242	$ 1,669,442	$ 1,277,103	$ 1,320,425

Investments are managed by the Board of Directors of the Foundation based upon the recommendations of a board directed investment committee and in accordance with a defined investment policy. The policy contains objectives, guidelines, and restrictions regarding investing. In July 2019, the Board replaced the previous consultant with an outsourced chief investment officer (OCIO). The OCIO has full discretion of the Foundation's investment portfolio, including but not limited to: buying and selling of assets, movement of cash in and out of accounts, asset allocation and performance measurement as long as within the approved defined investment policy.

The Foundation maintains a diverse investment portfolio, without any concentration of risk in any particular industry sector. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements.

WKSU Radio Station's share of the Foundation pool of investments for June 30, 2021 and 2020 was .6499 percent and .6782 percent, respectively.

The Foundation uses fair value measurements to record the fair value of certain assets and to determine fair value disclosures.

Level 1 – Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ or an active over-the-counter markets.

Level 2 – Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level 3 – Inputs that are unobservable including the Foundation's own assumptions in determining the fair value of investments or liabilities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4. Investments and Fair Value Measurements (Continued)

The following tables present information about the investments measured at fair value on a recurring basis for the Foundation as of June 30, 2021 and 2020:

	2021			
	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange traded funds	$ 5,416,198	$ 5,416,198	$ -	$ -
Mutual funds:				
Multi-asset funds	667,812	667,812	-	-
International equity funds	4,949,139	4,949,139	-	-
Fixed income funds	5,658,567	5,658,567	-	-
Total investments by fair value level	16,691,716	$ 16,691,716	$ -	$ -
Investments measured at fair value based on net asset value: [a]				
Private equity	29,319,432			
Hedge funds	2,498,977			
Commingled asset funds	199,787,817			
Real assets	8,576,344			
Total investments measured at NAV	240,182,570			
Total investment assets	$ 256,874,286			

	2020			
	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange traded funds	$ 4,723,970	$ 4,723,970	$ -	$ -
Mutual funds:				
Multi-asset funds	556,292	556,292	-	-
International equity funds	5,287,163	5,287,163	-	-
Fixed income funds	5,062,125	5,062,125	-	-
Total investments by fair value level	15,629,550	$ 15,629,550	$ -	$ -
Investments measured at fair value based on net asset value: [a]				
Private equity	18,189,917			
Hedge funds	6,930,012			
Commingled asset funds	141,117,117			
Real assets	12,831,322			
Total investments measured at NAV	179,068,368			
Total investment assets	$ 194,697,918			

[a] In accordance with ASC Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

Note 4. Investments and Fair Value Measurements (Continued)

The following table sets forth the significant terms of the agreements with non-publicly traded funds reported at fair value based on net asset value at June 30:

	Fair Value 2021	Fair Value 2020	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity	$ 29,319,432	$ 18,189,917	$ 27,401,546	5+ years	not applicable
Hedge funds	2,498,977	6,930,012	-	quarterly	90 days
Commingled asset funds	199,787,817	141,117,117	-	quarterly	90 days
Real assets	7,610,678	12,341,280	-	quarterly	90 days
Real assets (private)	965,666	490,042	4,251,747	5+ years	not applicable
Total	$ 240,182,570	$ 179,068,368	$ 31,653,293		

Note 5. Capital Assets

Capital assets and accumulated depreciation as of June 30 is summarized as follows:

2021	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Equipment	$ 4,159,674	$ -	$ -	$ 4,159,674
Building	2,614,868	-	-	2,614,868
Total capital assets	6,774,542	-	-	6,774,542
Less accumulated depreciation:				
Equipment	3,827,081	80,391	-	3,907,472
Building	1,712,960	68,620	-	1,781,580
Total accumulated depreciation	5,540,041	149,011	-	5,689,052
Total capital assets, net	$ 1,234,501	$ (149,011)	$ -	$ 1,085,490

2020	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Equipment	$ 4,159,674	$ -	$ -	$ 4,159,674
Building	2,614,868	-	-	2,614,868
Total capital assets	6,774,542	-	-	6,774,542
Less accumulated depreciation:				
Equipment	3,738,456	88,625	-	3,827,081
Building	1,644,339	68,621	-	1,712,960
Total accumulated depreciation	5,382,795	157,246	-	5,540,041
Total capital assets, net	$ 1,391,747	$ (157,246)	$ -	$ 1,234,501

During fiscal year 2011, WKSU received federal funding from the National Telecommunication and Information Administration for a capital expenditure project in the amount of $143,095. As a condition of this funding, the federal government has a priority reversionary interest on certain equipment. The lien expired on June 30, 2021.

Note 6. Accrued Compensated Absences

A summary of accrued compensated absences at June 30 is as follows, see Note 2 for accounting policy for accrued compensated absences:

	2021	2020
Beginning balance	$ 283,556	$ 253,422
Additions	31,485	43,505
Reductions	(54,636)	(13,371)
Ending balance	$ 260,405	$ 283,556

Note 7. Contingencies and Commitments

WKSU leases tower space for certain repeater stations from third parties under lease agreements. The leases are accounted for as operating leases and are for various terms ranging from five to 10 years, with the last lease expiring in 2028. Additional renewal options are available.

For the years ended June 30, 2021 and 2020, lease expense totaled $42,963 and $42,358, respectively.

Future minimum operating lease commitments at June 30, 2021 are as follows:

2022	$ 44,598
2023	45,190
2024	21,864
2025	13,335
2026	13,335
Thereafter	11,400
	$ 149,722

WKSU leases space on the University towers to various third parties using five-year leases, expiring in 2022, with renewal options thereafter. During fiscal years 2021 and 2020, WKSU recorded $102,022 and $100,682, respectively, as tower rental income which is included in other income on the statements of revenues, expenses and changes in net position.

Future minimum rentals due are as follows:

2022	$ 97,376
2023	83,836
2024	86,548
2025	47,589
2026	39,237
Thereafter	9,643
	$ 364,229

Future rental income does not include contracts that expire and have not been renewed within the next five years as of June 30, 2021.

Note 8. Related Party Transactions

WKSU receives administrative support from the Foundation and the University and monetary support from the University. However, WKSU reimburses the University for expenses in excess of appropriations. Administrative support provided by the Foundation is valued based on the salaries of the Foundation's staff and their proportionate amount of time spent on WKSU.

Related party amounts are reflected in in-kind contributions, donated administration and Kent State University appropriations in the statements of revenues, expenses and changes in net position and are as follows the years ended June 30:

	2021	2020
University	$ 1,390,306	$ 1,713,293
Foundation	29,214	32,096
	$ 1,419,520	$ 1,745,389

Note 9. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment meeting 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 other than 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 programs 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 Community Service Grant (CSG) program precipitated by extraordinary infusions of new capital investments in digital television (DTV), all capital contributions received for the purpose of acquiring new equipment, upgrading existing facilities, or building new facilities regardless of source or form of the contribution are not included in calculating the fiscal year 2021 or fiscal year 2020 NFFS. This change excludes all revenue 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 broadcast station.

Reported NFFS for the Station was $4,286,108 and $5,014,640 for the radio fund for 2021 and 2020, respectively.

Note 10. Employee Benefit Plans

Plan description: WKSU participates in the Ohio Public Employees Retirement System (OPERS or the Plan), one of the statewide, cost-sharing, multiple-employer defined benefit public employee retirement systems governed by the Ohio Revised Code (ORC) that covers substantially all employees of WKSU. OPERS has three retirement plan options available to its members. Each plan provides retirement, survivor, and disability benefits to plan members and their beneficiaries. Each plan also provides postemployment healthcare benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

OPERS issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. The report may be obtained by contacting:

Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215
(800) 222-7377 www.opers.org

Contributions: State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement board of the system (OPERS) individually sets contribution rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plan's 2021 and 2020 contribution rates on covered payroll for OPERS were as follows:

	Employer Contribution Rate				Member Contribution Rate
	Pension	Post Retirement Healthcare	Death Benefits	Total	Total
OPERS	14.0%	0.00%	0.00%	14.0%	10.0%

WKSU's required and actual contributions to the plans for the years ended June 30 are as follows:

	2021		2020	
	Pension	OPEB	Pension	OPEB
OPERS	$ 86,317	$ -	$ 100,300	$ -

Benefits provided: Plan benefits are established under Chapter 145 of the ORC, as amended in 2012 by Substitute Senate Bill 343. The requirement to retire depends on years of service (15 to 30 years) and on attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15 to 30 years), age (48 to 62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

Note 10. Employee Benefit Plans (Continued

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent or an amount based on the average percent increase in the Consumer Price Index, capped at 3 percent.

Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense: At June 30, 2021 and 2020, WKSU reported a liability for its proportionate share of the net pension liability of OPERS. The net pension liability was measured at December 31, 2020 and 2019 for the OPERS plan, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. WKSU's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. WKSU was allocated a portion of the University's net pension liability based on its percentage of payroll expense.

Plan	Measurement Date	Net Pension Liability 2021	Net Pension Liability 2020	Proportionate Share of University's Net Pension Liability 2021	Proportionate Share of University's Net Pension Liability 2020	Percent Change 2021	Percent Change 2020
OPERS	December 31	$ 605,465	$ 981,470	0.58%	0.59%	-0.01%	0.02%

For the years ended June 30, 2021 and 2020, WKSU recognized a reduction in pension expense of $128,670 and pension expense $102,480, respectively.

At June 30, 2021 and 2020, WKSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual experience	$ 373	$ (28,127)	$ 469	$ (14,823)
Changes of assumptions	764		53,975	-
Net difference between projected and actual earnings on pension plan investments	-	- (242,734)	-	(199,058)
Changes in proportion and differences between WKSU contributions and proportionate share of contributions	27,987	(112,501)	75,819	(28,878)
WKSU contributions subsequent to the measurement date	43,444	-	49,037	-
Total	$ 72,568	$ (383,362)	$ 179,300	$ (242,759)

Note 10. Employee Benefit Plans (Continued)

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,		
2022	$	(175,049)
2023		(63,269)
2024		(86,867)
2025		(29,078)
2026		(20)
Thereafter		45
Total	$	(354,238)

In addition, the contributions subsequent to the measurement date will be included in the overall calculation of the net pension liability, deferred inflows and outflows, and related impact to pension expense in the next year.

Net OPEB liability/(asset), deferred outflows of resources, deferred inflows or resources, and OPEB expense: At June 30, 2021, WKSU reported an asset of $73,477 for its proportionate share of the net OPEB asset of OPERS while reporting a liability of $684,452 as of June 30, 2020 for its proportionate share of the net OPEB liability of OPERS. For June 30, 2021, the net OPEB asset was measured at December 31, 2020. For June 30, 2020, the net OPEB liability was measured at December 31, 2019. The total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of December 31, 2019 and 2018, respectively, rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans.

Typically, WKSU's proportion of the net OPEB liability/(asset) would be based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined except as noted below.

For plan years ending December 31, 2020 and 2019, OPERS did not allocate employer contributions to the OPEB plan. Therefore, OPERS's calculation of the employers' proportionate share is based on the total contributions to the plan for both pension and OPEB. WKSU was allocated a portion of the University's net OPEB asset/liability based on its percentage of payroll expense.

	Measurement	Net OPEB (Asset)/Liability		Proportionate Share of University's Net OPEB Asset/Liability		Percent Change	
Plan	Date	2021	2020	2021	2020	2021	2020
OPERS	December 31	$ (73,477)	$ 684,452	0.58%	0.59%	-0.01%	0.02%

Note 10. Employee Benefit Plans (Continued)

For the years ended June 30, 2021 and 2020, WKSU recognized a decrease in OPEB expense of $494,764 and OPEB expense $90,569, respectively. At June 30, 2021 and 2020, WKSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (66,321)	$ 18	$ (62,598)
Changes of assumptions	36,130	(118,963)	108,344	-
Net difference between projected and actual earnings on pension plan investments				
Changes in proportion and differences	571	(39,139)	-	(34,850)
between WKSU contributions and proportionate share of contributions	-	(83,045)	19,241	(37,757)
Total	$ 36,701	$ (307,468)	$ 127,603	$ (135,205)

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,	
2022	$ (154,499)
2023	(94,654)
2024	(17,002)
2025	(4,612)
Total	$ (270,767)

Actuarial assumptions: The total pension liability and OPEB asset/liability is based on the results of an actuarial valuation and determined using the following actuarial assumptions for the years ended June 30:

	OPERS - 2021	OPERS - 2020
Valuation Date - Pension	December 31, 2020	December 31, 2019
Valuation Date - OPEB	December 31, 2019	December 31, 2018
Actuarial Cost Method	Individual entry age	Individual entry age
Cost of living	0.50 percent - 3.00 percent	1.40 percent - 3.00 percent
Salary increases, including inflation	3.25 percent - 10.75 percent	3.25 percent - 10.75 percent
Inflation	3.25 percent	3.25 percent
Investment rate of return - Pension	7.2 percent, net of investment expense, including inflation	7.20 percent, net of investment expense, including inflation
Investment rate of return - OPEB	6.0 percent, net of investment expense, including inflation	6.00 percent, net of investment expense, including inflation
Health care cost trend rate	8.5 percent initial, 3.50 percent ultimate in 2035	10.5 percent initial, 3.25 percent ultimate in 2030
Experience study date	Period of 5 years ended December 31, 2015	Period of 5 years ended December 31, 2015
Mortality basis	RP - 2014 Healthy Annuitant mortality table	RP - 2014 Healthy Annuitant mortality table

Pension discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. 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. The discount rates used to measure the total pension liability for OPERS was 7.20 percent for the plan years ended December 31, 2020 and 2019.

Note 10. Employee Benefit Plans (Continued)

OPEB discount rate: The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Plans that project fiduciary net position to be insufficient to make all projected future benefit payments for current active and inactive employees use a blended discount rate between the long-term expected rate of return on plan investments and a 20-year municipal bond rate applied to all periods of projected benefit payments to determine the total OPEB asset/liability.

The discount rate used to measure the total OPEB asset/liability was 6.0 percent and 3.16 percent for the plan years ended December 31, 2020 and 2019, respectively. At December 31, 2020, the fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. OPERS has two different portfolios of investments, a defined benefit portfolio for pension and health care portfolio for OPEB. As a result, there are different target allocations and long-term expected real rates of return disclosed for each portfolio. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as the dates listed below:

	OPERS as of December 31, 2020			
	Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25.00%	1.32%	34.00%	1.07%
Domestic equities	21.00%	5.64%	25.00%	5.64%
Real estate	10.00%	5.39%	0.00%	0.00%
Private equity	12.00%	10.42%	0.00%	0.00%
International equity	23.00%	7.36%	25.00%	7.36%
REITs	0.00%	0.00%	7.00%	6.48%
Other investments	9.00%	4.75%	9.00%	4.02%
Total	100.00%		100.00%	

Note 10. Employee Benefit Plans (Continued)

	OPERS as of December 31, 2019			
	Defined Benefit Portfolio		Health Care Portfolio	
Investment Category	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	25.00%	1.83%	36.00%	1.53%
Domestic equities	19.00%	5.75%	21.00%	5.75%
Real estate	10.00%	5.20%	0.00%	0.00%
Private equity	12.00%	10.70%	0.00%	0.00%
International equity	21.00%	7.66%	23.00%	7.66%
REITs	0.00%	0.00%	6.00%	5.69%
Other investments	13.00%	4.98%	14.00%	4.90%
Total	100.00%		100.00%	

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of WKSU, calculated using the discount rate listed below, as well as what WKSU's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021						
Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
OPERS	6.20%	$ 1,170,047	7.20%	$ 605,465	8.20%	$ 136,335

2020						
Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
OPERS	6.20%	$ 1,629,111	7.20%	$ 981,470	8.20%	$ 399,967

Sensitivity of the net OPEB asset/liability to changes in the discount rate: The following presents the net OPEB asset/liability for WKSU, calculated using the discount rate listed below, as well as what WKSU's net OPEB asset would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021						
Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
OPERS	5.00%	$ (18,275)	6.00%	$ (73,477)	7.00%	$ (118,871)

2020						
Plan	1.00% Decrease		Current Discount Rate		1.00% Increase	
OPERS	2.16%	$ 895,709	3.16%	$ 684,452	4.16%	$ 515,299

Note 10. Employee Benefit Plans (Continued)

Sensitivity of the net OPEB asset/liability to changes in the health care cost trend rate: The following presents the net OPEB asset/liability for WKSU, calculated using the health care cost trend rate listed below, as well as what WKSU's net OPEB asset/liability would be if it were calculated using a health care cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	2021		
Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
OPERS	$ (75,275)	$ (73,477)	$ (71,478)

	2020		
Plan	1.00% Decrease	Current Trend Rate	1.00% Increase
OPERS	$ 664,254	$ 684,452	$ 704,389

Pension plan and OPEB fiduciary net position: Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

Assumption changes: During the measurement period ended December 31, 2020, certain assumption changes were made by the OPEB plan. The OPERS OPEB discount rate was increased from 3.16 percent to 6.00 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2020.

During the measurement period ended December 31, 2019, certain assumption changes were made by the OPEB plan. The OPERS OPEB discount rate was reduced from 3.96 percent to 3.16 percent, which impacted the annual actuarial valuation for OPEB prepared as of December 31, 2019.

Benefit changes: Effective in 2022, OPERS will replace the current self-insured group plan with a marketplace concept for pre-Medicare retirees.

Note 11. Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries. The extent to which the coronavirus impacts WKSU's financial condition, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Note 12. Subsequent Event

The Kent State University Board of Trustees gave approval for the University to enter into a public service operating agreement with Ideastream Public Media for the management and operations of the WKSU stations at its September 15, 2021 meeting. Under the agreement, the University continues to be the license holder of WKSU and its sister stations, and Ideastream Public Media provides operating oversight of the stations. The agreement went into effect October 1, 2021.

Report 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*

Independent Auditor's Report

President and Board of Trustees
of Kent State University

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 WKSU Radio Station (a public telecommunications entity operated as a department of Kent State University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise WKSU Radio Station's basic financial statements as listed in the table of contents and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered WKSU Radio Station's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WKSU Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of WKSU Radio 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 may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether WKSU Radio 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 WKSU Radio Station'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Cleveland, Ohio
December 16, 2021

OHIO AUDITOR OF STATE
KEITH FABER

KENT STATE UNIVERSITY - WKSU RADIO STATION

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 1/4/2022

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