
MURRAY STATE UNIVERSITY
WKMS-FM RADIO
FINANCIAL STATEMENTS
JUNE 30, 2019



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Report of Independent Auditors

Board of Regents
Murray State University
WKMS-FM Radio
Murray, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of WKMS-FM Radio (the Station), a public telecommunications division of Murray State University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Station as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 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.

Dean Dorton Allen Ford, PLLC

November 12, 2019
Louisville, Kentucky

MURRAY STATE UNIVERSITY

WKMS-FM RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019 And 2018

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of WKMS-FM Radio Station (the Station) for the years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Station is located on the campus of Murray State University (the University). WKMS broadcasts National Public Radio and local programs that inform, enrich and entertain in concert with the mission of the University. The Station's skilled staff, students and volunteers serve listeners with comprehensive music and information programs that reflect current affairs, history and cultures.

Using The Financial Statements

The financial statements consist of Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and Notes to the Financial Statements. These financial statements and accompanying Notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

Statement Of Net Position

The Statement of Net Position presents a financial picture of the Station's financial condition at the end of the 2019 and 2018 fiscal years by reporting assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets less liabilities).

Assets

Total assets at the end of the fiscal year 2019 were \$1,267,052, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$1,034,685 or 82% of total assets. For fiscal year 2019, total assets increased by \$80,426, primarily due to a change in cash from private grant – non operating revenue of \$29,781 and donor gift of \$20,000.

Total assets at the end of the fiscal year 2018 were \$1,186,626, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$949,928 or 80% of total assets. For fiscal year 2018, total assets increased by \$71,024, primarily due to a change in cash from private grant – non operating revenue of \$52,018.

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Management's Discussion And Analysis (*Continued*)

Liabilities

Total liabilities at the end of the fiscal year 2019 were \$121,583. Amounts payable to vendors and for payroll related obligations totaled \$65,177 or 54% of total liabilities. For fiscal year 2019, total liabilities decreased by (\$1,330) due primarily to a change in accounts payable to vendors of (\$2,467) offset by an increase in deferred revenue of \$1,137.

Total liabilities at the end of the fiscal year 2018 were \$122,913. Amounts payable to vendors and for payroll related obligations totaled \$67,644 or 55% of total liabilities. For fiscal year 2018, total liabilities decreased by (\$25,128) due primarily to a change in accounts payable to vendors of (\$25,980).

Net Position

Net position was \$1,145,469 at the end of fiscal year 2019 and was divided into three major categories, defined as follows:

- Net investment in capital assets - This category represents the Station's equity in equipment.
- Restricted - This category represents those assets restricted by an individual or entity external to the Station. Restricted expendable net assets represent the assets that may be expended by the Station, but must be spent for purposes as defined by the donor or external entity. Nonexpendable restricted net asset amounts represent amounts in which that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.
- Unrestricted - This category represents the net assets held by the Station that have no formal restrictions placed upon them.

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WKMS-FM RADIO

Management's Discussion And Analysis (*Continued*)

Condensed Statement Of Net Position

	June 30,		
	2019	2018	2017
Assets			
Current assets	\$ 615,359	\$ 690,757	\$ 658,306
Noncurrent assets	567,840	402,256	349,892
Capital assets	83,853	93,613	107,404
Total Assets	1,267,052	1,186,626	1,115,602
Current Liabilities	121,583	122,913	148,041
Net Position			
Invested in capital assets, net of related debt and depreciation	83,853	93,613	107,404
Restricted for:			
Nonexpendable	61,955	10,000	10,000
Expendable:			
Operations and other	475,211	387,268	320,981
Unrestricted	524,450	572,832	529,176
Total Net Position	\$ 1,145,469	\$ 1,063,713	\$ 967,561

Statement Of Revenues, Expenses And Changes In Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred and income or loss from operations for the current and prior fiscal years. Activities are reported as either operating or non-operating. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

Revenues

Total operating revenues, which exclude University appropriations, for the fiscal year 2019 were \$282,502. The primary source of operating revenues was from business and industry underwriting of \$189,184.

Non-operating revenues for the fiscal year 2019, which included grants and contracts and University appropriations, totaled \$1,026,627. Grant and contract revenues related to non-exchange type agreements are classified as non-operating revenues, unless the funds were used in capital projects. In this case, grants and contract revenues used to fund capital projects are classified as capital grants. In

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Management's Discussion And Analysis (*Continued*)

a non-exchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange. Total non-operating revenues decreased by (\$202,273) during the year, which was primarily due to a decrease in general appropriation of (\$153,789).

The Station received \$275,611 of the University's appropriations and \$253,959 of administrative support for the fiscal year 2019, which are classified as non-operating revenues. These funds were used to support station operating activities.

The Station received \$429,400 of the University's appropriations and \$321,529 of administrative support for the fiscal year 2018, which are classified as non-operating revenues. These funds were used to support station operating activities.

Expenses

Total operating expenses for the fiscal year 2019 were \$1,227,373. Total program services and supporting services expenses were \$786,165 and \$431,448, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled \$9,760 or 1% of total operating expenses.

Total operating expenses for the fiscal year 2018 were \$1,433,487. Total program services and supporting services expenses were \$853,218 and \$558,349, respectively. Depreciation expense was not allocated to each program group, but presented as a single expense item representing depreciation for all areas of the Station. Depreciation expense totaled \$21,920 or 2% of total operating expenses.

MURRAY STATE UNIVERSITY
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Management's Discussion And Analysis (*Continued*)

Condensed Statements Of Revenues, Expenses And Changes In Net Position

	2019	2018	2017
Operating Revenues	\$ 282,502	\$ 300,739	\$ 319,821
Operating Expenses	1,227,373	1,433,487	1,529,205
Operating Loss	(944,871)	(1,132,748)	(1,209,384)
Nonoperating Revenues	1,026,627	1,228,900	1,218,974
Change In Net Position	81,756	96,152	9,590
Net Position - Beginning Of Year	1,063,713	967,561	957,971
Net Position - End Of Year	\$ 1,145,469	\$ 1,063,713	\$ 967,561

Statement Of Cash Flows

The Statement of Cash Flows provide a summary of the sources and uses of cash by defined categories. The primary purposes of the Statement of Cash Flows are to provide information about the Station's cash receipts and payments during the years and to help assess the Station's ability to generate future net cash flows and meet obligations as they become due.

For 2019, the major source of cash from operating activities was business and industry underwriting of \$201,155. The most significant uses of cash for operating activities were payments for salaries, wages and benefits of \$621,502.

The cash flows from noncapital financing activities include \$302,659 received from subscriptions and memberships, which is the largest source of cash for the fiscal year.

The cash flows from investing activities represent the cash activities of investments related to restricted investments.

For 2018, the major source of cash from operating activities was business and industry underwriting of \$206,793. The most significant uses of cash for operating activities were payments for salaries, wages and benefits of \$637,190.

The cash flows from noncapital financing activities include \$429,400 received as general appropriations from the University, which is the largest source of cash for the fiscal year.

The cash flows from investing activities represent the cash activities of investments related to restricted investments.

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Management's Discussion And Analysis (*Continued*)

Capital Assets And Debt Administration

The Station did not have a change in capital assets during fiscal year 2019. The Station did not acquire any debt during fiscal year 2019.

The Station had an \$8,128 increase in capital assets during fiscal year 2018. This change is due to the \$8,128 purchase of a FM antenna. The Station did not acquire any debt during fiscal year 2018.

Economic Factors Affecting Future Periods

- Appropriations decisions by the United States Congress may impact grants from the Corporation for Public Broadcasting, which in turn, may impact the Station's budget for programming expenses.
- Changing economic conditions in the region will continue to have an impact upon the underwriting and fundraising efforts of the Station.

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Contacting The Station's Financial Management

This financial report is designed to provide a general overview of the Station's finances and to show the Station's accountability for the money it receives. Additional details can be requested by mail at the following address:

WKMS Radio Station
Chad Lampe, Station Manager
Murray State University
2018 University Station
Murray, Kentucky 42071

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

STATEMENT OF NET POSITION

	For The Years June 30,	
	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 510,340	\$ 559,327
Accounts receivable, net of allowance of \$19,911 in 2019 and \$36,418 in 2018	97,097	123,332
Prepaid expenses	7,772	8,098
Total Current Assets	615,209	690,757
Noncurrent Assets		
Restricted cash and cash equivalents	524,345	390,601
Restricted investments	43,645	11,655
Capital assets	917,956	917,956
Accumulated depreciation	(834,103)	(824,343)
Total Noncurrent Assets	651,843	495,869
Total Assets	1,267,052	1,186,626
Current Liabilities		
Accounts payable, accrued payroll and benefits	65,177	67,644
Unearned revenue	56,406	55,269
Total Current Liabilities	121,583	122,913
Net Position		
Net investment in capital assets	83,853	93,613
Restricted for:		
Nonexpendable	61,955	10,000
Expendable:		
Operations and other	475,211	387,268
Unrestricted	524,450	572,832
Total Net Position	\$ 1,145,469	\$ 1,063,713

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2019	2018
Operating Revenues		
Business and industry underwriting	\$ 189,184	\$ 210,773
In-kind contributions	63,745	62,525
Other	29,573	27,441
Total Operating Revenues	282,502	300,739
Operating Expenses		
Program Services:		
Programming and production	485,627	531,969
Broadcasting	167,142	204,006
Program information	133,396	117,243
Total Program Services	786,165	853,218
Supporting Services:		
Management and general	364,346	491,011
Fund-raising	33,551	33,669
Underwriting and grant support	33,551	33,669
Total Supporting Services	431,448	558,349
Depreciation	9,760	21,920
Total Operating Expenses	1,227,373	1,433,487
Operating Loss	(944,871)	(1,132,748)
Nonoperating Revenues		
General appropriation from Murray State University	275,611	429,400
Donated facilities and administrative support from Murray State University	253,959	321,529
Community service grants from Corporation for Public Broadcasting	195,838	195,066
Subscriptions and memberships	280,735	282,124
Gifts	20,000	-
Investment income	484	781
Total Nonoperating Revenues	1,026,627	1,228,900
Increase In Net Position	81,756	96,152
Net Position - Beginning Of Year	1,063,713	967,561
Net Position - End Of Year	\$ 1,145,469	\$ 1,063,713

**MURRAY STATE UNIVERSITY
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STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2019	2018
Cash Flows From Operating Activities		
Business and industry	\$ 201,155	\$ 206,793
Payments to employees	(621,502)	(637,190)
Payments to suppliers	(280,548)	(404,044)
Other operating revenues	29,573	27,441
Net Cash Used In Operating Activities	(671,322)	(807,000)
Cash Flows From Noncapital Financing Activities		
General appropriation from Murray State University	275,611	429,400
Grants and contracts	189,315	195,066
Subscriptions/memberships	302,659	270,788
Gifts	20,000	—
Net Cash Provided By Noncapital Financing Activities	787,585	895,254
Cash Flows From Capital Financing Activities		
Purchase of capital assets	—	(8,128)
Net Cash Used In Capital Financing Activities	—	(8,128)
Cash Flows Provided By Investing Activities		
Purchase of investments	(31,955)	—
Investment income	449	436
Net Increase In Cash And Cash Equivalents	84,757	80,562
Cash And Cash Equivalents - Beginning Of Year	949,928	869,366
Cash And Cash Equivalents - End Of Year	\$ 1,034,685	\$ 949,928
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities:		
Operating loss	\$ (944,871)	\$ (1,132,748)
Donated facilities and administration expense	253,959	321,529
Depreciation	9,760	21,920
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	10,834	(4,832)
(Increase)/Decrease in prepaid expenses	326	12,261
Increase/(Decrease) in accounts payable and accrued expenses	(1,425)	(16,401)
Increase/(Decrease) in accrued compensation	(1,042)	(9,581)
Increase/(Decrease) in unearned revenue	1,137	852
Net Cash Used In Operating Activities	\$ (671,322)	\$ (807,000)
Supplemental Cash Flow Information		
Donated facilities and administrative support from Murray State University	\$ 253,959	\$ 321,529
In-kind contributions	63,745	62,525
Unrealized (gain) loss on investments	13	345

**MURRAY STATE UNIVERSITY
WKMS-FM RADIO**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019 And 2018**

1. Summary Of Significant Accounting Policies

Nature Of Organization

WKMS-FM Radio (the Station) is operated by and receives support from Murray State University (the University). The Station is included in the financial statements of the University.

Murray State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive and invest funds for the enhancement and improvement of the University. The Foundation is a fundraising organization which administers certain funds on behalf of the University. The Foundation coordinates the receipt of contributions and disbursements of those receipts for the Station.

Basis Of Accounting and Financial Statement Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented 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.

Restricted Cash, Cash Equivalents And Investments

Cash and investments that are held by both the Station and the Foundation that are externally restricted are classified as restricted assets. These assets are used to purchase capital or other noncurrent assets, or for other restricted purposes. Restricted investments held by the Foundation on behalf of the Station are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

Accounts Receivable

Accounts receivable consist of grants and amounts to be received from business, industry, contribution, subscription and membership activities. Accounts receivable are recorded net of uncollectible amounts.

MURRAY STATE UNIVERSITY

WKMS-FM RADIO

Notes To Financial Statements (*Continued*)

Capital Assets

All capital assets, as defined by University policy, are recorded at cost at the date of acquisition, or if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The following estimated useful lives are being used by the Station:

<u>Asset</u>	<u>Estimated Life</u>
Buildings	40 years
Nonbuilding improvements	10-20 years
Equipment	5-25 years

Unearned Revenue

Unearned revenues include amounts received from grant and contract sponsors for which eligibility requirements have not been fully satisfied or that have not yet been earned.

Net Position

The Station's net position is classified as follows:

Net investment in capital assets: This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. There is no debt issued at June 30, 2019 or 2018. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable: Nonexpendable restricted net position amounts represent amounts in which donors or other outside sources have stipulated, as a condition of the gift, that the principal is to be maintained in perpetuity and invested for the purposes of producing income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position include resources in which the Station is legally or contractually obligated to spend in accordance with time or purpose restrictions imposed by external third parties.

MURRAY STATE UNIVERSITY

WKMS-FM RADIO

Notes To Financial Statements (*Continued*)

Unrestricted net position: Unrestricted net position represent resources derived from underwriting sales and other sources. These resources are used for transactions relating to general operations of the Station, and may be used at the discretion of the governing board to meet current expenses or for any purpose.

Classification Of Revenues

The Station has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) business and industry underwriting, (2) in-kind contribution revenues, and (3) tower equipment rentals and other.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. In a non-exchange transaction, the Station receives value without directly giving equal value back, such as a gift or grant for which there is no return requirement. Additionally, certain significant revenues relied upon for operations, such as appropriations, donated facilities, and administrative support from the University as well as investment income are recorded as non-operating revenues, in accordance with GASB No. 35.

Pledges And Contributions

The Station engages in periodic fundraising campaigns evidenced by on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial donations are frequently made by pledges received from responding listeners. Subscription and membership pledge receipts are recognized as revenue in the period received. Contribution receipts are recognized as revenue in the period in which the donor agreement is signed. An allowance for uncollectible contributions receivable is provided based upon the Station's judgment including such factors as prior collection history and general economic factors. Contributions and collected pledges are components of non-operating revenues.

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

Facilities And Administrative Support

The portion of the University's facilities and administration support attributable to the Station's operations and the value of space provided to the Station by the University are included as revenues and expenses, and are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Total donated facilities and administrative support from the University including in-kind contributions were \$253,959 and \$321,529 for the years ended June 30, 2019 and 2018, respectively.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are included at year-end with accrued payroll, and as a component of compensation and benefit expense. Sick leave benefits are expected to be realized as paid time off or used to purchase service credits upon retirement. These are recognized as expense when the time off occurs or when service credit payments are incurred. No liability is accrued for such benefits employees have earned but not yet realized.

Use Of Estimates

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America require 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 these estimates.

2. Accounts Receivable

Accounts receivable consist of:

	2019	2018
Business and industry underwriting	\$ 58,392	\$ 78,307
Subscription and membership pledges	—	67,616
Contributions	50,000	—
Other	8,616	13,827
Allowance for doubtful accounts	(2,500)	(36,418)
Unamortized discount	(17,411)	—
	<u>\$ 97,097</u>	<u>\$ 123,332</u>

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

3. Deposits And Investments

Deposits

For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and the Foundation. Details of accounting transactions affecting cash are maintained by each entity. At June 30, 2019 and June 30, 2018, the carrying amounts of the Station's deposits were \$1,034,685 and \$949,928, respectively.

Currently the University maintains its deposits, outside of those held by the Commonwealth of Kentucky, in interest-bearing accounts at FDIC-insured institutions. All accounts are insured up to \$250,000. The deposits in these interest-bearing accounts are covered by an irrevocable, unconditional, and nontransferable letter of credit issued by Federal Home Loan Bank of Cincinnati.

The University also maintains cash deposits with the Commonwealth of Kentucky, as overseen by the State Investment Commission (Commission). The Commission is charged with the oversight of the Commonwealth's investment programs pursuant to KRS 42.500. The Commonwealth's investments are categorized into two distinct classifications or "pools." The Short-Term Pool consists primarily of General Fund cash balances. The Intermediate-Term Pool and the Limited Term Pool represent Agency fund investments, state held component unit and fiduciary fund accounts held for the benefit of others by the state. Shares of each pool represent a divisible interest in the underlying securities and are not federally insured or guaranteed by the U.S. Government, Federal Deposit Insurance Corporation or any federal agency. The pools have not been approved by the Securities and Exchange Commission. The University's shares within the pools may indirectly expose it to risks associated with fixed income investments; however, specific information about any such transactions is not available to the University.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk other than compliance with the provisions of state law.

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Notes To Financial Statements (*Continued*)

Cash and cash equivalents as presented in the statements of net position captions include:

	<u>2019</u>	<u>2018</u>
Current cash and cash equivalents	\$ 510,490	\$ 559,327
Restricted cash and cash equivalents	524,195	390,601
	<u>\$1,034,685</u>	<u>\$ 949,928</u>

4. Capital Assets

Capital assets activity for the year ended June 30, 2019 is:

		Balance				Deletions/	Balance
		2018	Additions	Transfers		Retirements	2019
Nonbuilding improvements	\$	294,361	\$ —	\$ —	\$	—	\$ 294,361
Equipment		623,595	—	—		—	623,595
Less: Accumulated depreciation		824,343	9,760	—		—	834,103
Capital assets, net	\$	93,613	\$ (9,760)	\$ —	\$	—	\$ 83,853

Capital assets activity for the year ended June 30, 2018 is:

		Balance				Deletions/ Retirements		Balance
		2017	Additions	Transfers				2018
Nonbuilding improvements	\$	286,233	\$ 8,128	\$ —	\$	—	\$	294,361
Equipment		623,595	—	—		—		623,595
Less: Accumulated depreciation		802,423	21,920	—		—		824,343
Capital assets, net	\$	107,405	\$ (13,792)	\$ —	\$	—	\$	93,613

MURRAY STATE UNIVERSITY
WKMS-FM RADIO

Notes To Financial Statements (*Continued*)

5. Accounts Payable And Accrued Expenses

Accounts payable and accrued expenses at June 30 consisted of:

	<u>2019</u>	<u>2018</u>
Current Liabilities		
Accounts payable - vendors	\$ 23,074	\$ 24,499
Accrued payroll and benefits	42,103	43,145
	<u>\$ 65,177</u>	<u>\$ 67,644</u>

6. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support (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 and meeting all of the respective criteria of each.

A “contribution” is cash, property, or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational public broadcast television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

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.

MURRAY STATE UNIVERSITY
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Notes To Financial Statements (*Continued*)

Reported NFFS for the Station were \$1,073,219 and \$1,297,124 for the years ended June 30, 2019 and 2018, respectively.

7. Community Service Grants (CSGs)

The Station receives a Community Service Grant (CSG) from the Corporation for Public Broadcasting annually. The CSG's awarded and expended during the recent three fiscal years were as follows:

	Grant Awards	Expended As Of June 30,			Uncommitted Balance
		2019	2018	2017	
2016-2018	184,276	17,674	92,134	74,468	—
2017-2019	179,611	97,306	77,034	—	5,271
2018-2020	179,370	44,076	—	—	135,294

8. Natural Expense Classifications

The Station's operating expenses by natural classification for the years ended June 30, 2019 and 2018 were as follows:

	Program Services	Management And General	Fundraising And Membership	Total	
				2019	2018
Compensation and benefits	\$ 465,389	\$ 87,969	\$ 67,102	\$ 620,460	\$ 694,946
Operating expenses	320,776	276,377	—	597,153	716,621
	786,165	364,346	67,102	1,217,613	1,411,567
Depreciation	9,760	—	—	9,760	21,920
	\$ 795,925	\$ 364,346	\$ 67,102	\$ 1,227,373	\$ 1,433,487

9. Pension and Other Postemployment Benefit Liabilities

In accordance with GASB Statement 68, Accounting for Pensions, the University must recognize a proportional share of the net pension liability for the Kentucky Employees Retirement System (KERS) and the Teachers' Retirement System (TRS) of Kentucky the cost sharing state pension plans in

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which the University participates. This reporting requirement became effective for fiscal years ending June 30, 2015.

In accordance with GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB), the University must recognize a proportional share of the net pension liability for the KERS and the TRS the cost sharing state pension plans in which the University participates. This reporting requirement became effective for fiscal years ending June 30, 2018.

The University reported a liability of \$217,674,295 and \$268,918,925 for the years ended June 30, 2019 and 2018, respectively, for its proportionate shares of the net pension and OPEB liabilities in the plans. The net pension/OPEB liability for TRS and KERS plans were measured as of June 30, 2018 and June 30, 2017 and the total pension/OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for all plans. The University's proportions of the net pension/OPEB liabilities were based on projections of the University's long-term share of contributions to the pension/OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the University's proportional share of pensions was 0.42899966% for TRS, 0.889474% for KERS-nh, and 0.411530% for KERS-h, and proportional share of OPEB was 0.417902% for TRS-medical, 0.948638% for TRS-life, 0.888860% for KERS-nh, and 0.411632% for KERS-h. At June 30, 2017, the University's proportional share of pensions was 0.40417645% for TRS, 0.858544% for KERS-nh, and 0.38949% for KERS-h, and proportional share of OPEB was 0.443448% for TRS-medical, 0.97024% for TRS-life, 0.858544% for KERS-nh, and 0.38949% for KERS-h.

The Station is a department of the University; therefore, no balances were allocated to the Station. Please refer to the University's financial statements for a complete and comprehensive disclosure of the University's pension plans.