

WBHM RADIO
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

**WBHM RADIO
TABLE OF CONTENTS
SEPTEMBER 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to the Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of Net Pension Liability and Employer Contributions	41
Schedules of Proportionate Share of Net OPEB Liability and Employer Contributions	43

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the University of Alabama System
Birmingham, Alabama

Opinion

We have audited the accompanying financial statements of WBHM Radio (WBHM), which comprise the statements of net position as of September 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WBHM as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WBHM and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WBHM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WBHM's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of WBHM are intended to present the financial position, the changes in net position and cash flows of only that portion of UAB, a campus of the University of Alabama System, that is attributable to the transactions of WBHM. They do not purport to and do not present fairly the financial position of UAB, a campus of the University of Alabama System, as of September 30, 2023 and 2022, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, schedules of proportionate share of net pension liability and employer contributions on pages 41 through 42 and schedules of proportionate share of net other postemployment benefits (OPEB) liability and employer contributions on pages 43 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Warren Averett, LLC

Birmingham, Alabama
May 6, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

WBHM Radio (WBHM) is a not-for-profit radio station licensed to the Board of Trustees of the University of Alabama for the University of Alabama at Birmingham (UAB). WBHM is accounted for as a department of UAB, which is a campus of the University of Alabama System (the System). UAB is one of three campuses of the System, which is a component unit of the State of Alabama. The financial statements of WBHM are intended to present the financial position, the changes in net position and cash flows of only that portion of UAB that is attributable to the transactions of WBHM. As a department of UAB, a public institution, the financial statements of WBHM have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

WBHM operates from buildings on campus at UAB, and its main purpose is to provide noncommercial public broadcasting services throughout Alabama in the form of local and regional news coverage, as well as music and entertainment programming. WBHM began broadcasting in December 1976 and was the first full-service public radio station in north central Alabama; it is also a National Public Radio (NPR) Member Station and part of the NPR Network. It also acquires programming from other public radio program providers such as American Public Media (APM) and the Public Radio Exchange (PRX). It operates at 90.3 FM with an effective radiated power of 32,000 watts. The transmitter is co-located with WBRC-TV on Red Mountain in Birmingham. The broadcast service area covers a radius of almost 70 miles from Birmingham and serves a population of approximately 1,250,000. WBHM broadcasts seven days a week, 24 hours a day. WBHM is live during weekday drivetimes and automated at all other times. A secondary signal acquired in 2016 operates 106.1 FM on a low power translator and reaches parts of southern Birmingham and the near southern suburbs. As of 2023, WBHM secondary signal simulcasts the same programming as 90.3 FM.

WBHM, through the Alabama Reading Service (ARS), provides local and national programming to blind and print-handicapped Alabamians. ARS operates on a subcarrier of WBHM, and the audio is accessible to users via a toll-free telephone number, a digital stream on the web, as well as available on a mobile app.

The following discussion and analysis of WBHM's financial performance presents an overview of WBHM's financial activities for the fiscal years ended September 30, 2023, 2022 and 2021. This discussion and analysis has been prepared by management and should be read in conjunction with the accompanying audited financial statements and notes to the financial statements.

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

Financial Highlights

WBHM has total assets of \$1,716,407, \$1,871,891 and \$2,072,586 as of September 30, 2023, 2022 and 2021, respectively, and total liabilities of \$2,585,916, \$2,812,827 and \$3,355,032, respectively. Net position, which represents the excess of total assets and deferred outflows of resources over total liabilities and deferred inflows of resources, increased in fiscal year 2023 by \$367,548, decreased in fiscal year 2022 by \$220,075 and decreased in fiscal year 2021 by \$31,047. The year over year changes are summarized below:

	2023	(As Restated) 2022	2021
Operating revenues	\$ 2,850,861	\$ 2,608,163	\$ 2,362,770
Operating expenses	2,797,206	3,234,774	2,736,281
Operating income (loss)	53,655	(626,611)	(373,511)
Nonoperating items and other changes	313,893	406,536	342,464
Change in net position	<u>\$ 367,548</u>	<u>\$ (220,075)</u>	<u>\$ (31,047)</u>

WBHM reports as a business-type activity as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as an amendment to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the financial statements of WBHM have been prepared 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 occurred (see Note 2 of the financial statements).

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

Condensed Statements of Net Position

	(As Restated)		
	2023	2022	2021
Assets:			
Capital assets	\$ 202,208	\$ 144,533	\$ 46,245
Other assets	1,514,199	1,727,358	2,026,341
Total assets	1,716,407	1,871,891	2,072,586
Deferred outflows of resources:			
Deferred outflows of resources from pension and OPEB related obligations	1,028,279	822,179	974,883
Total deferred outflows of resources	1,028,279	822,179	974,883
Total assets and deferred outflows of resources	<u>\$ 2,744,686</u>	<u>\$ 2,694,070</u>	<u>\$ 3,047,469</u>
Liabilities:			
Current liabilities	\$ 872,881	\$ 1,405,651	\$ 1,364,767
Noncurrent liabilities	1,713,035	1,407,176	1,990,265
Total liabilities	2,585,916	2,812,827	3,355,032
Deferred inflows of resources:			
Deferred inflows of resources from pension and OPEB related obligations	864,847	954,868	545,987
Total deferred inflows of resources	864,847	954,868	545,987
Total liabilities and deferred inflows of resources	3,450,763	3,767,695	3,901,019
Net position:			
Unrestricted	(1,048,274)	(1,626,009)	(1,715,318)
Restricted – expendable	187,614	467,489	815,523
Net investment in capital assets	154,583	84,895	46,245
Total net position	<u>\$ (706,077)</u>	<u>\$ (1,073,625)</u>	<u>\$ (853,550)</u>

Total assets decreased by \$155,484 or 8.31% in 2023 from 2022. This is due primarily to a decrease in cash and cash equivalents offset by an increase in capital assets. Total assets decreased by \$200,695 or 9.68% in 2022 from 2021. This is due primarily to a decrease in cash and cash equivalents and accounts receivable for underwriting during the year offset by an increase in capital assets.

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

Total liabilities decreased by \$226,911 or 8.07% in 2023 from 2022. This is due primarily to a decrease in accruals, unearned revenue for NPR Collaborative contract and OPEB liability offset by an increase in Net Pension Liability. Total liabilities decreased by \$542,205 or 16.16% in 2022 from 2021. This is due primarily to a decrease in unearned revenue for the NPR Collaborative contract, Pension liability and OPEB liability offset by an increase in accruals.

At September 30, 2023, deferred outflows from pension obligations were \$660,572 and deferred inflows from pension obligations were \$80,064. At September 30, 2022, deferred outflows from pension obligations were \$304,333 and deferred inflows from pension obligations were \$404,610. The increase in deferred outflows from pension obligations is primarily due to an increase in net difference between projected and actual earnings on pension plan investments. The decrease in deferred inflows from pension obligations is a result of a decrease in net difference between projected and actual earnings on pension plan investments. At September 30, 2021, deferred outflows from pension obligations were \$331,425 and deferred inflows from pension obligations were \$33,267. The decrease in deferred outflows from pension obligations is primarily due to differences between expected and actual experience and changes of assumptions. The increase in deferred inflows from pension obligations is a result of an increase in net difference between projected and actual earnings on pension plan investments.

At September 30, 2023, deferred outflows from OPEB obligations were \$367,707, and deferred inflows from OPEB obligations were \$784,783. At September 30, 2022, deferred outflows from OPEB obligations were \$517,846, and deferred inflows from OPEB obligations were \$550,258. The decrease in deferred outflows from OPEB obligations is primarily due to changes of actuarial and other assumptions and changes in proportion and differences between employer contributions. The increase in deferred inflows from OPEB obligations is a result of an increase in differences between expected and actual experience, changes in actuarial and other assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. At September 30, 2021, deferred outflows from OPEB obligations were \$643,458, and deferred inflows from OPEB obligations were \$512,720. The decrease in deferred outflows from OPEB obligations is primarily due to changes of actuarial and other assumptions and changes in proportion and differences between employer contributions. The increase in deferred inflows from OPEB obligations is a result of an increase in differences between expected and actual experience and changes in actuarial and other assumptions.

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

Condensed Statements of Revenues, Expenses and Changes in Net Position

	(As Restated)		
	2023	2022	2021
Operating revenues and expenses:			
Revenues	\$ 2,850,861	\$ 2,608,163	\$ 2,362,770
Expenses	2,797,206	3,234,774	2,736,281
Operating income (loss)	53,655	(626,611)	(373,511)
Nonoperating revenues:			
University support	250,000	250,000	250,000
Interest expense	(720)	(760)	-
Other	-	14,943	-
Total nonoperating revenues	249,280	264,183	250,000
Income (loss) before other changes	302,935	(362,428)	(123,511)
Other changes in net position:			
Transfers from UAB	64,613	142,353	92,464
Total other changes in net position	64,613	142,353	92,464
Change in net position	367,548	(220,075)	(31,047)
Net position:			
Net position at beginning of year	(1,073,625)	(853,550)	(822,503)
Net position at end of year	\$ (706,077)	\$ (1,073,625)	\$ (853,550)

The statements of revenues, expenses and changes in net position show operating and nonoperating revenues and expenses. A summarized comparison of WBHM's revenues, expenses and changes in net position for the years ended September 30, 2023, 2022 and 2021, is presented above.

WBHM's change in net position increased by \$367,548 in fiscal year 2023, as compared to a fiscal year 2022 decrease of \$220,075. WBHM's change in net position decreased by \$220,075 in fiscal year 2022, as compared to a fiscal year 2021 decrease of \$31,047.

During fiscal year 2023, the increase in operating income is primarily attributable to an increase in overall revenues of 9.3% and a 13.5% decrease in operating expenses. In fiscal year 2022, the increase in operating loss is primarily attributable to an increase in overall revenues of 10.4% and a 18.2% increase in operating expenses. In fiscal year 2021, the decrease in operating income is primarily attributable to a decrease in overall revenues of 17.0% and a 16.2% increase in operating expenses.

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

Also, during 2023, WBHM's nonoperating revenues decreased by 5.6%, primarily due to no residual grant income and the same amount of University support from UAB for operating expenses. During 2022, WBHM's nonoperating revenues increased by 5.7%, primarily due to residual grant income and the same amount of University support from UAB for operating expenses, as compared to a 0.3% decrease in fiscal year 2021.

Factors Impacting Future Periods

Significant factors expected to impact WBHM's financial performance in future periods include, but are not limited to:

- The changing nature of consumers' media habits and the economics of broadcast and online advertising;
- The reputational value of WBHM as a trusted local media brand and National Public Radio (NPR) as a trusted national media brand and the impact of those brand values on financial contributions;
- The continued investment in new technology and personnel to best serve community needs and the public radio mission; and
- The close integration with UAB's available technical, budgetary and marketing systems to support the station.

WBHM's traditional terrestrial radio audience continues to decline as listening habits have changed during the COVID pandemic, while mobile and digital first listening options have continued to grow. WBHM has been successful in expanding the station's public service to new audiences and technology platforms, including the station's mobile app and its stream to smart speakers. Partnerships with other commercial and noncommercial media organizations have created mutually beneficial programming to serve audiences on air and online. Advertising revenue (also known as "underwriting" and "sponsorship") continue to see significant declines with radio advertising, as digital options – including podcasting advertising – continues to grow. WBHM's ability to adapt, use and monetize other platforms for sponsorship revenue is a major factor influencing business support of the station.

WBHM, like other public media stations and journalism entities, had to restructure and downsize its staff as a result of declining revenue. This has a direct impact on WBHM's level of service and ability to fundraise. These changes also impact donor perceptions about the health of the organization.

Political division and a perception of NPR being seen as "liberal media" presents a challenge with some donors, particularly in a presidential election year. NPR itself also presents a new funding challenge to WBHM and other partner stations. After suspension of long-standing rules, NPR as a part of its "Network Initiative," is now fundraising directly to donors. They are keeping part of the donation and passing some back to the stations. This has never happened before. While they will pass off "donor leads" to the stations, it creates brand confusion between NPR and the local stations and could ultimately lead to a decline or rise in revenue depending on how WBHM manages it.

As a listener-supported membership organization, private contributions and corporate underwriting of programming are important to the financial support of WBHM. As the broadcast license holder and home of the station, UAB has traditionally supported the station with supplemental funding and in-kind support. WBHM will continue to rely on these significant sources to support its public service mission.

WBHM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2023, 2022 AND 2021

WBHM will continue to carefully manage operating costs while targeting new revenue sources. The station is seeking additional resources by relaunching its planned giving and major gifts campaigns, while also vigorously pursuing private and community service grants to support new journalism and programming initiatives, capital needs and necessary upgrades in technology and equipment. WBHM intends to launch a capital campaign for transformational revenue leading up to the station's 50th anniversary in late 2026, including funds to support new facilities and studio space.

In summary, the potential for sustaining and expanding WBHM's public service to the people of north central Alabama is at a challenging moment as funding for media continues to evolve and is volatile. WBHM's most significant and sustainable source of funding comes from membership donations at this moment.

FINANCIAL STATEMENTS

**WBHM RADIO
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	(As Restated)	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,121,128	\$ 1,317,570
Accounts receivable, net	66,341	58,815
Pledges receivable, net	317,500	329,485
Prepaid expenses	9,230	21,488
Total current assets	1,514,199	1,727,358
CAPITAL ASSETS, NET	202,208	144,533
TOTAL ASSETS	1,716,407	1,871,891
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB related obligations	1,028,279	822,179
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,028,279	822,179
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,744,686	\$ 2,694,070

See accompanying notes to the financial statements.

**WBHM RADIO
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
(As Restated)		
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 152,336	\$ 399,063
Unearned revenue	696,592	988,886
SBITA obligation, current	<u>23,953</u>	<u>17,702</u>
Total current liabilities	872,881	1,405,651
SBITA OBLIGATION, NET	23,672	41,936
PENSION LIABILITY		
Pension liability	1,605,372	810,888
OPEB liability	<u>83,991</u>	<u>554,352</u>
NET PENSION LIABILITY	<u>1,689,363</u>	<u>1,365,240</u>
TOTAL LIABILITIES	2,585,916	2,812,827
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB related obligations	<u>864,847</u>	<u>954,868</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>864,847</u>	<u>954,868</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,450,763	3,767,695
NET POSITION		
Unrestricted	(1,048,274)	(1,626,009)
Restricted – expendable	187,614	467,489
Net investment in capital assets	<u>154,583</u>	<u>84,895</u>
TOTAL NET POSITION	<u><u>\$ (706,077)</u></u>	<u><u>\$ (1,073,625)</u></u>

See accompanying notes to the financial statements.

WBHM RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	(As Restated) 2022
OPERATING REVENUES		
Membership contributions	\$ 1,314,328	\$ 1,085,031
Community service grants	965,598	903,333
Program underwriting	435,159	587,335
Other	135,776	32,464
Total operating revenues	<u>2,850,861</u>	<u>2,608,163</u>
OPERATING EXPENSES		
Programming and production	948,267	1,238,902
Broadcasting	76,942	281,929
Fundraising and membership development	201,220	263,318
Underwriting	269,096	288,425
Management and general	1,259,078	1,130,153
Depreciation and amortization	42,603	32,047
Total operating expenses	<u>2,797,206</u>	<u>3,234,774</u>
OPERATING INCOME (LOSS)	53,655	(626,611)
NONOPERATING REVENUES (EXPENSES)		
University support	250,000	250,000
Interest expense	(720)	(760)
Other	-	14,943
Total nonoperating revenues	<u>249,280</u>	<u>264,183</u>
INCOME (LOSS) BEFORE OTHER CHANGES	302,935	(362,428)
OTHER CHANGES IN NET POSITION		
Transfers from UAB	64,613	142,353
Total other changes in net position	<u>64,613</u>	<u>142,353</u>
CHANGE IN NET POSITION	367,548	(220,075)
NET POSITION AT		
BEGINNING OF YEAR	<u>(1,073,625)</u>	<u>(853,550)</u>
END OF YEAR	<u>\$ (706,077)</u>	<u>\$ (1,073,625)</u>

See accompanying notes to the financial statements.

**WBHM RADIO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	(As Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Membership contributions	\$ 1,326,313	\$ 1,105,475
Community service grants	679,232	673,848
Program underwriting	421,705	620,790
Other	135,776	32,464
Payments to employees	(1,740,362)	(1,704,509)
Payments to vendors	(1,156,095)	(1,188,638)
Net cash used in operating activities	<u>(333,431)</u>	<u>(460,570)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
University support	250,000	250,000
Other	-	14,943
Net cash provided by noncapital financing activities	<u>250,000</u>	<u>264,943</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(88,641)	(53,506)
Principal payments on SBITA obligations	(23,650)	(17,191)
Interest payments on SBITA obligations	(720)	(760)
Net cash used in capital financing activities	<u>(113,011)</u>	<u>(71,457)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(196,442)</u>	<u>(267,084)</u>
CASH AND CASH EQUIVALENTS AT		
BEGINNING OF YEAR	<u>1,317,570</u>	<u>1,584,654</u>
END OF YEAR	<u>\$ 1,121,128</u>	<u>\$ 1,317,570</u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL FINANCIAL ACTIVITIES		
Capital assets acquired through issuance of SBITA obligations	<u>\$ 11,637</u>	<u>\$ 76,829</u>

See accompanying notes to the financial statements.

**WBHM RADIO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	(As Restated) 2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES		
Operating income (loss)	\$ 53,655	\$ (626,611)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Allowance for doubtful accounts	(7,828)	(12,622)
Depreciation and amortization	42,603	32,047
Pension expense	233,214	79,872
OPEB (benefit) expense	(68,581)	15,115
Operating expenses provided by UAB	64,613	142,353
Changes in assets and liabilities:		
Change in accounts and pledges receivable	12,287	47,051
Change in prepaid expenses	12,258	(2,530)
Change in accounts payable and accrued liabilities	(246,727)	233,197
Change in pension obligation	(119,515)	(133,238)
Change in OPEB obligation	(17,116)	(25,189)
Change in unearned revenue	(292,294)	(210,015)
Net cash used in operating activities	\$ (333,431)	\$ (460,570)

See accompanying notes to the financial statements.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

1. ORGANIZATION AND RELATIONSHIP TO THE UNIVERSITY OF ALABAMA AT BIRMINGHAM

WBHM Radio (WBHM) is a not-for-profit radio station licensed to the Board of Trustees of the University of Alabama for the University of Alabama at Birmingham (UAB). WBHM is accounted for as a department of UAB, which is a campus of the University of Alabama System (the System). UAB is one of three campuses of the System, which is a component unit of the State of Alabama. The financial statements of WBHM are intended to present the financial position, the changes in net position and cash flows of only that portion of UAB that is attributable to the transactions of WBHM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of WBHM have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

WBHM reports as a business-type activity as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the financial statements of WBHM have been prepared 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 occurred. Refer also to the revenue recognition section of this note.

Net Position

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into three 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. WBHM has net investment in capital assets of \$154,583 and \$84,895 as of September 30, 2023 and 2022, respectively.
- Restricted: WBHM classifies net position resulting from transactions with purpose or time restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact. Restricted net position is further classified as follows:
 - (1) Nonexpendable – Net position subject to externally imposed stipulations that amounts be maintained permanently by WBHM. WBHM did not have restricted nonexpendable net position as of September 30, 2023 and 2022.
 - (2) Expendable – Net position whose use by WBHM is subject to externally imposed stipulations that can be fulfilled by actions of WBHM pursuant to those stipulations or that expire by the passage of time. WBHM had restricted expendable net position of \$187,614 and \$467,489 as of September 30, 2023 and 2022, respectively.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

- Unrestricted: Net position, including membership contributions, underwriting revenues, state appropriations and certain grant proceeds that are neither subject to externally imposed stipulations nor invested in capital assets, net of related debt, are classified as unrestricted net position. Unrestricted net position may be designated for specific purposes by actions of management.

Cash and Cash Equivalents

WBHM considers cash on hand and at financial institutions and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of amounts due for underwriting services. All balances are expected to be received within one year. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Accounts receivable are recorded net of an allowance for uncollectible receivables of \$2,350 and \$3,516 as of September 30, 2023 and 2022, respectively. This amount is based on past experience and an analysis of current accounts receivable collectability. The net accounts receivable totaled \$66,341 and \$58,815 as of September 30, 2023 and 2022, respectively.

Pledges Receivable

WBHM receives pledges and bequests of financial support. Revenue is recognized when a pledge representing an unconditional promise to give is received, and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. All balances are expected to be received within one year and are written off 12 months after the pledge date. Pledges receivable are shown net of an allowance for uncollectible pledges of \$65,460 and \$72,122 as of September 30, 2023 and 2022, respectively, which is based on historical collection experience. The net pledges receivable totaled \$317,500 and \$329,485 as of September 30, 2023 and 2022, respectively.

Capital Assets

Capital assets consist of land, buildings and improvements, broadcast equipment, satellite equipment and right-of-use (ROU) software based information technology arrangements (SBITA). Equipment is recorded at cost at the date of acquisition, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are 12 to 40 years for building and building improvements and five to ten years for equipment. Gain or loss on the disposition of capital assets is reflected in the statements of revenues, expenses and changes in net position, and the related asset cost and accumulated depreciation are removed from the respective accounts. ROU SBITA assets acquired are amortized over the shorter of the lives of the respective ROU SBITA asset or the estimated useful lives of the underlying asset. ROU SBITA assets are recorded net of accumulated amortization. Depreciation and amortization expense for the years ended September 30, 2023 and 2022, was \$42,603 and \$13,970, respectively.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of amounts related to the pension obligations and Other Postemployment Benefits (OPEB) obligations of \$1,028,279 and \$822,179 at September 30, 2023 and 2022, respectively, as more fully described in Note 6 and Note 7.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Deferred inflows of resources consist of amounts related to the pension obligations and OPEB obligations of \$864,847 and \$954,868 at September 30, 2023 and 2022, respectively, as more fully described in Note 6 and Note 7.

Revenue Recognition

Membership contributions and other donations are nonexchange transactions, which are recognized as operating revenues in the period they are received. WBHM recognizes revenue associated with community service grants in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, based on the terms of the individual grant agreement.

Program underwriting revenue is reported as unearned revenue in the statements of net position for programs not yet broadcast. Revenue is recognized when the related program is aired.

During the years ended September 30, 2023 and 2022, WBHM received \$250,000 of University support from UAB for WBHM's general operating expenses.

Operating Revenues and Expenses

WBHM's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange and nonexchange transactions associated with WBHM's principal activities. Nonexchange revenues and expenses that result from financing and investing activities are recorded as nonoperating.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

New Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The statement is effective for reporting periods beginning after June 15, 2022. The adoption of GASB Standard No. 96 has been reflected at the beginning of the earliest period presented in the financial statements, or October 1, 2021, resulting in a change to the following line items within WBHM's financial statements for the year ended September 30, 2022:

	As Previously Reported	Effect of Adoption of GASB 96	As Restated
Capital assets, net	\$ 85,781	\$ 58,752	\$ 144,533
SBITA obligation, current	-	17,702	17,702
Total current liabilities	1,387,949	17,702	1,405,651
SBITA obligation, net	-	41,936	41,936
Total liabilities and deferred inflows of resources	3,708,057	59,638	3,767,695
Net investment in capital assets	85,781	(886)	84,895
Total net position	(1,072,739)	(886)	(1,073,625)
Management and general	1,148,104	(17,951)	1,130,153
Depreciation and amortization	13,970	18,077	32,047
Total operating expenses	3,234,648	126	3,234,774
Operating loss	(626,485)	(126)	(626,611)
Nonoperating revenues (expenses)			
Interest expense	-	(760)	(760)
Total nonoperating revenues	264,943	(760)	264,183
Change in net position	(219,189)	(886)	(220,075)

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

	<u>As Previously Reported</u>	<u>Effect of Adoption of GASB 96</u>	<u>As Restated</u>
Payments to vendors	\$ (1,206,589)	\$ 17,951	\$ (1,188,638)
Net cash used in operating activities	(478,521)	17,951	(460,570)
Principal payments on capital debt	-	(17,191)	(17,191)
Interest payments on capital debt	-	(760)	(760)
Net cash used in capital financing activities	(53,506)	(17,951)	(71,457)
Operating loss	(626,485)	(126)	(626,611)
Depreciation and amortization	13,970	18,077	32,047
Net cash used in operating activities	(478,521)	17,951	(460,570)

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. As GASB Statement No. 100 is based on an unknown possible future event, materiality cannot be determined. WBHM will continue to evaluate for any potential impact in the future.

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. WBHM is evaluating whether there will be any material impact from its adoption of GASB Statement No. 101.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in January 2024. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. WBHM is evaluating whether there will be any material impact from its adoption of GASB 102.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through May 6, 2024, the date the financial statements were available to be issued.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

3. CAPITAL ASSETS

WBHM's capital asset activity for the years ended September 30, 2023 and 2022, is summarized as follows:

September 30, 2023

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
Land	\$ 25,669	\$ -	\$ -	\$ -	\$ 25,669
Building and building improvements	155,290	-	-	-	155,290
Equipment	409,322	88,641	-	(16,144)	481,819
ROU SBITAs	76,829	11,637	-	-	88,466
	667,110	100,278	-	(16,144)	751,244
Less accumulated depreciation	<u>(522,577)</u>	<u>(42,603)</u>	<u>-</u>	<u>16,144</u>	<u>(549,036)</u>
Capital assets, net	<u>\$ 144,533</u>	<u>\$ 57,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,208</u>

September 30, 2022

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
					(As Restated)
Land	\$ 25,669	\$ -	\$ -	\$ -	\$ 25,669
Building and building improvements	155,290	-	-	-	155,290
Equipment	391,953	53,506	-	(36,137)	409,322
ROU SBITAs	-	76,829	-	-	76,829
	572,912	130,335	-	(36,137)	667,110
Less accumulated depreciation	<u>(526,667)</u>	<u>(32,047)</u>	<u>-</u>	<u>36,137</u>	<u>(522,577)</u>
Capital assets, net	<u>\$ 46,245</u>	<u>\$ 98,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,533</u>

The net ROU SBITA assets as of September 30, 2023 and 2022, are \$49,031 and \$58,752, respectively.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

4. SBITA OBLIGATIONS

WBHM's SBITA obligation activity for the years ended September 30, 2023 and 2022, is summarized as follows:

<u>September 30, 2023</u>	<u>Beginning</u>	<u>Issuance</u>	<u>Principal Repayments</u>	<u>Ending</u>	<u>Current</u>
SBITA obligation, 4.49% and 1.23% due annually and quarterly through 2024 and 2026	\$59,638	\$ 11,637	\$ (23,650)	\$ 47,625	\$ 23,953
SBITA obligation, net	<u>\$59,638</u>	<u>\$ 11,637</u>	<u>\$ (23,650)</u>	<u>\$ 47,625</u>	<u>\$ 23,953</u>

<u>September 30, 2022</u>	<u>Beginning</u>	<u>Issuance</u>	<u>Principal Repayments</u>	<u>Ending</u>	<u>Current</u>
SBITA obligation, 1.23% due quarterly through 2026	\$ -	\$ 76,829	\$ (17,191)	\$ 59,638	\$ 17,702
SBITA obligation, net	<u>\$ -</u>	<u>\$ 76,829</u>	<u>\$ (17,191)</u>	<u>\$ 59,638</u>	<u>\$ 17,702</u>

Maturity and interest on SBITA obligations for the next three years are presented in the table below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 23,953	\$ 497	\$ 24,450
2025	18,890	180	19,070
2026	4,782	13	4,795
	<u>\$ 47,625</u>	<u>\$ 690</u>	<u>\$ 48,315</u>

WBHM has SBITAs under agreements that extend through 2026. Some SBITAs include one or more options to renew. SBITAs may also include options to terminate the subscription. WBHM measures the SBITA obligations at the present value of payments expected to be made during the subscription term. WBHM uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

5. COMPENSATED ABSENCES

Certain WBHM employees accumulate vacation and sick leave at varying rates and subject to maximum limitations, depending upon their years of continuous service and their payroll classifications. Upon termination of employment, employees are paid all unused, accrued vacation at their regular rates of pay up to a designated maximum number of pay-out days. The accounts payable and accrued liabilities balance on the statements of net position includes an accrual of \$60,301 and \$67,220 as of September 30, 2023 and 2022, respectively, for accrued vacation pay and salary-related payments associated with vacation pay. There is no such accrual recognized for sick leave benefits because there is no terminal cash benefit available to employees for accumulated sick leave.

6. EMPLOYEE RETIREMENT BENEFITS

Retirement and Pension Plans

Eligible employees of WBHM a department of UAB participate in the mandatory Teachers' Retirement System of Alabama (TRS), a cost-sharing, multi-employer public retirement system designated as a defined benefit plan. In addition, eligible employees may elect to participate in a voluntary 403(b) defined contribution retirement plan (the 403b Plan). Teachers Insurance and Annuity Association (TIAA) serves as sole vendor for the plan.

All regular employees of WBHM are members of TRS with the exception of temporary employees who, by definition, are those employees hired for a predetermined period of employment of less than one year and employees working less than one-half of a regular schedule. Benefits for all TRS members vest after 10 years of creditable service. Service retirement benefits are based on a guaranteed minimum or a formula method with the participants receiving payments under the method, which yields the highest monthly benefit. Vested Tier 1 participants, who retire at age 60, or after completing 25 years of credited service regardless of age, are entitled to an annual benefit, payable monthly for life.

Under the formula method, Tier 1 participants are allowed 2.0125% of their average final compensations (highest three of the last ten years) for each year of service.

Vested Tier 2 participants are eligible for retirement after age 62 and are also entitled to an annual benefit payable monthly for life. Under the formula method, Tier 2 participants are allowed 1.65% of their average final compensations (highest five of the last ten years) for each year of service up to 80% of their average final compensation. TRS also provides death and disability benefits.

Covered employees are required by law to contribute to TRS. Tier 1 covered employees were required by statute to contribute 7.5% of earned compensation to TRS in 2023 and 2022. Effective October 1, 2021 the covered Tier 2 employees rate increased from 6.0% to 6.2% of earned compensation to TRS as required by statute. WBHM, as the employer, contributes to TRS through UAB. WBHM's contribution rate for the years ended September 30, 2023 and 2022, was 12.59% and 12.43% for Tier 1 covered employees, respectively, and 11.44% and 11.32% for Tier 2 employees, respectively.

**WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The Tier 1 contribution requirements for fiscal years 2023 and 2022, respectively, were \$41,544 and \$58,195, which consisted of \$26,035 and \$36,315 from WBHM and \$15,509 and \$21,880 from employees. The Tier 2 contribution requirements for fiscal years 2023 and 2022, respectively, were \$176,426 and \$162,844, which consisted of \$115,729 and \$105,553 from WBHM and \$60,697 and \$57,291 from employees.

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

At September 30, 2023 and 2022, financial statements of WBHM reflected a liability of \$1,605,372 and \$810,888, respectively, for its proportionate share of UAB's collective net pension liability, as prescribed by GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27*. At September 30, 2023, the collective net pension liability was measured as of September 30, 2022, and determined by the actuarial valuation of the total pension liability as of September 30, 2021. At September 30, 2022, the proportionate share of UAB's collective net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation of the total pension liability as of September 30, 2020. WBHM's proportion of the collective net pension liability was based on the employer's share of contributions to the pension plan relative to the total employer contributions of all participating TRS employees. At September 30, 2022, WBHM's proportion was 0.01033%, which was an increase of 0.00173% from its proportion measured as of September 30, 2021. At September 30, 2021, WBHM's proportion was 0.00860%, which was a decrease of 0.00161% from its proportion measured as of September 30, 2020.

In fiscal years 2023 and 2022, WBHM recognized a pension expense of \$233,214 and \$79,872, respectively. WBHM also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
September 30, 2023		
Differences between expected and actual experience	\$ 61,242	\$ 11,996
Changes of assumptions	119,419	-
Net difference between projected and actual earnings on pension plan investments	330,573	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,574	68,068
Employer contributions subsequent to the measurement date	141,764	-
Total	<u>\$ 660,572</u>	<u>\$ 80,064</u>

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

September 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,421	\$ 58,476
Change of assumptions	57,864	-
Net difference between projected and actual earnings on pension plan investments	58,362	282,650
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,361	63,484
Employer contributions subsequent to the measurement date	145,325	-
Total	\$ 304,333	\$ 404,610

The \$141,764 reported as deferred outflows of resources related to pensions resulting from WBHM's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	Decrease
2024	\$ 120,234
2025	99,194
2026	64,524
2027	154,792
	\$ 438,744

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25 - 5.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective the beginning of fiscal year 2021.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Mortality rates were based on the Pub-2010 teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/</u>	
		<u>Back (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	Teacher Retiree – Below Median	Male: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63 - 67
		Female: +2	Female: 112% ages < 69, 98% ages > 74, Phasing down 69 - 74
Beneficiaries	Contingent Survivor – Below Median	Male: +2	None
		Female: None	
Disabled Retirees	Teacher Disability	Male: +8	None
		Female: +3	

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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.

The target asset allocation and best estimates of geometric real rates of return for each major assets class are as follows:

	<u>Target Allocation</u>	<u>Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash	5.00%	2.50%
	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.00%

**WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of WBHM's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table reflects WBHM's proportionate share of the net pension liability, as prescribed by GASB 68, calculated using the discount rate of 7.45%, as well as what WBHM's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
WBHM's proportionate share of collective net pension liability	<u>\$ 2,697,502</u>	<u>\$ 1,605,372</u>	<u>\$ 1,568,512</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditors' report on the Schedule of Employer Allocation and Pension Amounts by Employer and accompanying note detail by employer, and in aggregate, information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Other Retirement Plans

As previously noted, some employees participate in voluntary 403(b) Plan, which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. WBHM contributes a matching amount of up to 5% of total salaries for participating employees. WBHM's contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested. The contributions for 2023 and 2022, excluding employee amounts not eligible for matching, were \$58,814 (\$29,407 from both WBHM and its employees) and \$55,862 (\$27,931 from both WBHM and its employees), respectively.

WBHM's total salaries and wages for fiscal years 2023 and 2022 were \$1,200,661 and \$1,260,901, respectively. Total salaries and wages during fiscal years 2023 and 2022 for covered employees participating in Tier 1 of TRS were \$199,740 and \$308,813, respectively. Total salaries and wages

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

during fiscal years 2023 and 2022 for covered employees participating in Tier 2 of TRS were \$1,000,921 and \$952,088, respectively. Total salaries and wages during fiscal years 2023 and 2022 for covered employees participating in the 403(b) Plan program were \$715,461 and \$722,341, respectively.

7. POSTEMPLOYMENT BENEFITS

Other Retirement Plans

UAB offers other postemployment health care benefits (OPEB) to all employees who officially retire from UAB, which includes WBHM employees. Health care benefits are offered through the Alabama Retired Education Employees Health Care Trust Plan (PEEHIP) with TRS, or certain retired employees may elect to continue to participate in UAB's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees aged 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB's health care plan becomes the secondary insurer. Despite the availability of the UAB plan, most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium with UAB paying an allocation towards the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are not eligible for tuition assistance benefits themselves. However, their unmarried dependent children may qualify in some cases.

PEEHIP

Plan Description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007, which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions, which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Public Education Employees' Health Insurance Board (PEEHI Board). The PEEHI Board is a corporate body for purposes of management of the health insurance plan. The

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Code of Alabama 1975, Section 16-25A-4 provides the PEEHIP Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services and prescription drugs.

Active employees and non-Medicare eligible retirees, who do not have Medicare eligible dependents, can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer and convalescent care. The Cancer Plan covers cancer disease only, and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (the SEIB), Local Government (the LGB), Medicare, Medicaid, ALL Kids, Tricare or Champus as their primary coverage or are enrolled in a Health Savings Account (HAS) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

insurance), Part B (medical insurance) and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the PEEHI Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the PEEHI Board is required to certify to the Governor and the Legislature the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the PEEHI Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25, subject to adjustment by the PEEHI Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the PEEHI Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the PEEHI Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the PEEHI Board. This reduction in the employer contribution ceases upon notification to the PEEHI Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023 and 2022, financial statements of WBHM reflected a liability of \$78,490 and \$547,617, respectively for its proportionate share of UAB's collective net OPEB liability, as prescribed by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The collective net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. UAB's proportion of collective net OPEB liability was based on a projection of UAB's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2022, WBHM's proportion was 0.00152%, which was an decrease of 0.0069% from its proportion measured as of September 30, 2021. At September 30, 2021, WBHM's proportion was 0.00844%, which was an decrease of 0.0078% from its proportion measured as of September 30, 2020.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

For the years ended September 30, 2023 and 2022, WBHM recognized an OPEB benefit of \$67,205 and an OPEB expense of \$16,447, respectively, with no special funding situations.

At September 30, 2023 and 2022, WBHM reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2023		
Differences between expected and actual experience	\$ 27,870	\$ 323,166
Changes of assumptions	136,710	235,194
Net difference between projected and actual earnings on OPEB plan investments	(6,835)	2,576
Changes in proportion and differences between employer contributions and proportionate share of contributions	186,457	214,778
Employer contributions subsequent to the measurement date	19,835	-
Total	\$ 364,037	\$ 775,714
	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2022		
Differences between expected and actual experience	\$ 31,545	\$ 272,408
Changes of assumptions	204,690	198,654
Net difference between projected and actual earnings on OPEB plan investments	263	2,576
Changes in proportion and differences between employer contributions and proportionate share of contributions	256,879	67,087
Employer contributions subsequent to the measurement date	20,481	-
Total	\$ 513,858	\$ 540,725

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

The \$19,835 reported as deferred outflows of resources related to OPEB resulting from WBHM's contributions subsequent to the measuring date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending September 30:	Increase (Decrease)
2024	\$ (99,079)
2025	(99,508)
2026	(27,399)
2027	(46,340)
2028	(95,069)
Thereafter	(64,117)
	\$ (431,512)

Actuarial Assumptions

The total OPEB liability for the PEEHIP was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases ¹	3.25 - 5.00%
Long-term investment rate of return ²	7.00%
Municipal bond index rate at the measurement date	4.40%
Municipal bond index rate at the prior measurement date	2.29%
Projected year for fiduciary net position (FNP) to be depleted	N/A
Single equivalent interest rate the measurement date	7.00%
Single equivalent interest rate the prior measurement date	3.97%
Health care cost trend rate	
Pre-Medicare eligible	6.50%
Medicare eligible	**
Ultimate trend rate	
Pre-Medicare eligible (in 2031)	4.50%
Medicare eligible (in 2027)	4.50%

¹Includes 2.75% wage inflation.

²Compounded annually, net of investment expense, and includes inflation.

**Initial Medicare claims are set based on schedule increases through plan year 2025.

**WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Mortality rates were based on the Pub-2010 teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019. The mortality rates are adjusted forward and/or back depending on the plan and the group covered, as shown in the table below:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/</u>	
		<u>Back (-)</u>	<u>Adjustment to Rates</u>
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Retiree – Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63 - 67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69 - 74
Beneficiaries	Contingent Survivor – Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

**WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
	<u>100.00%</u>	

* Geometric mean, includes 2.5% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the PEEHIP total OPEB liability at September 30, 2022, was 7.00%. The discount rate used to measure the total OPEB liability at the prior measurement date was 3.97%. Premiums paid to the PEEHI Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022, and it is assumed that the 15.257% will increase at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for UAB members are paid by the UAB and are not included in the cash flow projections.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid.

Therefore, the projected future benefit payments for all current plan members were projected through 2120.

Sensitivity of WBHM's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table reflects WBHM's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate. A one percent point decrease would change the current healthcare cost trend rate from 6.50% to 5.50%, the pre-Medicare from 4.50% to 3.50% and the Medicare eligible from 4.50% to 3.50%. A one percent increase would change the current healthcare cost trend rate from 6.50% to 7.50%, the pre-Medicare from 4.50% to 5.50% and the Medicare eligible from 4.50% to 5.50%.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

	1% Decrease	Current Healthcare Trend Rate	1% Increase
WBHM's proportionate share of the collective net OPEB liability	\$ 125,036	\$ 78,490	\$ 213,767

The following table presents the WBHM's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
WBHM's proportionate share of the collective net OPEB liability	\$ 203,862	\$ 78,490	\$ 132,174

OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2022. Additional financial and actuarial information is available at www.rsa-al.gov.

UAB Plan

Plan Description

The UAB plan (UAB Plan) is considered a single-employer plan, which is administered by University of Alabama at Birmingham (UAB). The UAB Plan offers its members hospital benefits, major medical benefits, a prescription drug program and a basic term life insurance up to an established maximum policy limit. The health care benefits cover medical and hospitalization costs for retirees and their dependents. The portion of the UAB plan related to health care may be amended by the approval of the President of UAB upon recommendation from the Benefits Committee. The portion of the UAB plan related to the life insurance may be amended by the System.

Benefits Provided

WBHM employees can participate in the UAB Plan as a retiree if the following conditions are met; retiree has 25 years of creditable service, regardless of age (Tier 1 only), or retiree has ten years of service and is 60 years old (62 years old for Tier 2), or retiree has ten years of service and is determined disabled by the Social Security Administration or the Teachers' Retirement System of Alabama's Medical Board. These retired UAB employees may elect to continue to participate in the UAB Plan until they are eligible for Medicare by paying the full cost of the Plan premium. Retired employees aged 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB Plan becomes the secondary insurer. Despite the availability of the UAB Plan, most retirees elect to participate in the PEEHIP with TRS.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Employees included in the actuarial valuation include active employees, retirees and disabled employees enrolled in the medical plan, and retirees not enrolled in the medical plan with retiree life insurance. The following table summarizes the membership of the UAB Plan as of September 30, 2021, the valuation date.

Membership:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive members entitled to but not yet receiving benefits	-
Active employees	14
Total membership	14

Contributions

WBHM retired employees make contributions to the plan by making premium payments associated with their selected health plan option. Eligible disabled retirees are responsible for only the employee portion of those premiums, and WBHM is responsible for the employer portion. All other WBHM retirees are responsible for the full premium cost of the plan and in no case does the employer contribute to the plan.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023 and 2022, WBHM reported a liability of \$5,501 and \$6,735, respectively, for the total OPEB liability (TOL). The TOL is based upon an Entry Age Normal (EAN) actuarial funding method as of the valuation date, September 30, 2021. Since the valuation date at which the TOL is determined is before the measurement date, the TOL must be rolled forward to the measurement date.

For the years ended September 30, 2023 and 2022, WBHM recognized OPEB benefit related to the UAB Plan of \$1,376 and \$1,332, respectively, with no special funding situations. At September 30, 2023, WBHM reported deferred outflows of resources and deferred inflows of resources related to both plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2023		
Differences between expected and actual experience	\$ 786	\$ 4,936
Changes of assumptions	1,917	4,133
Employer contributions subsequent to the measurement period	967	-
Total	\$ 3,670	\$ 9,069

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

September 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 888	\$ 5,305
Changes of assumptions	2,169	4,228
Employer contributions subsequent to the measurement period	931	-
Total	\$ 3,988	\$ 9,533

\$967 reported as deferred outflows of resources related to OPEB resulting from WBHM's contributions subsequent to the measuring date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending September 30:	Decrease
2024	\$ (1,473)
2025	(1,473)
2026	(1,460)
2027	(1,340)
2028	(847)
Thereafter	227
	\$ (6,366)

**WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Actuarial Assumptions

The total OPEB liability for the UAB plan was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Projected salary increases ¹	3.25 - 5.00%
Wage inflation	2.75%
Municipal bond index rate at the measurement date	4.40%
Municipal bond index rate at the prior measurement date	2.29%
Health care cost trend rate	
Pre-Medicare eligible and prescription drug (decreasing to an ultimate rate of 4.50% by 2029)	6.00%

¹Includes 3.00% wage inflation.

Mortality rates were based on the Pub-2010 teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019. The mortality rates are adjusted forward and/or back depending on the plan and the group covered, as shown in the table below:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/</u>	
		<u>Back (-)</u>	<u>Adjustment to Rates</u>
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Retiree – Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63 - 67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69 - 74
Beneficiaries	Contingent Survivor – Below Median	Male: +2 Female: None	None
Beneficiaries	Teacher Disability	Male: +8 Female: +3	None

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the September 30, 2021, valuation were based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021, UAB plan valuation were based on a review of recent plan experience done concurrently with the September 30, 2021, valuation.

The UAB plan does not hold any plan assets, as such, no long-term expected rate of return or target allocation are presented.

Discount Rate

The discount rate, as defined by Paragraph 155 of GASB 75 to be a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The Municipal Bond Index Rate used for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the Fidelity General Obligation AA 20-year Municipal Bond Index and the S&P High Grade 20-year Municipal Bond Index as of the measurement date as the discount rate used to measure the TOL.

Sensitivity of WBHM's Plan's Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following table presents the total WBHM OPEB Liability of the UAB Plan, calculated using the current healthcare trend rate, as well as what the total WBHM OPEB Liability would be if calculated using one percentage point lower or one percentage point higher than the current rate. A one percent-point decrease would change the current healthcare cost trend rate from 6.50% to 5.50% and the pre-Medicare from 4.50% to 3.50%. A one percent-point increase would change the current healthcare cost trend rate from 6.50% to 7.50% and the pre-Medicare from 4.50% to 5.50%.

	1% Decrease	Current Healthcare Trends	1% Increase
WBHM's proportionate share of collective net pension liability	\$ 6,952	\$ 5,501	\$ 7,314

The following table presents the total WBHM OPEB liability of the UAB Plan, calculated using the discount rate of 4.40%, as well as what the total WBHM OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
WBHM's proportionate share of collective net pension liability	\$ 7,474	\$ 5,501	\$ 6,807

WBHM RADIO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Changes in the Total OPEB Liability

Since the UAB Plan does not meet the definition within paragraph four of GASB, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, WBHM is disclosing a schedule of changes in the total WBHM OPEB liability below:

Total OPEB Liability as of September 30, 2022	\$	6,735
Changes for the year:		
Service cost as end of year*		88
Interest on TOL and Cash Flows		190
Difference between expected and actual experience		(622)
Changes of assumptions or other inputs		(768)
Benefit payments		(122)
Net changes		(1,234)
Total OPEB Liability as of September 30, 2023	\$	5,501

**The service cost include interest for the year.*

8. RELATED PARTY TRANSACTIONS

WBHM receives indirect support from UAB, which consists of allocated institutional administrative and physical plant costs incurred by UAB for which WBHM receives benefits. The cost of this support was \$64,613 and \$142,353 for the years ended September 30, 2023 and 2022, respectively. This cost is recognized in the statements of revenues, expenses and changes in net position as an expense in the management and general expense category and in the statements of cash flows as operating expenses provided by UAB.

REQUIRED SUPPLEMENTARY INFORMATION

WBHM RADIO
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(SEPTEMBER 30, 2022 AND 2021 MEASUREMENT DATES)

The following required supplementary information related to WBHM's participation in the Teachers' Retirement System of Alabama.

Schedule of WBHM's Proportionate Share of the Net Pension Liability – Teachers' Retirement Plan of Alabama (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.01033%	0.00860%	0.01021%	0.01139%	0.01073%	0.01079%	0.01030%	0.01049%	0.01048%
Proportionate share of the net pension liability	\$1,605,372	\$ 810,888	\$ 1,262,691	\$1,079,327	\$ 1,001,665	\$ 995,141	\$ 1,107,715	\$ 1,075,372	\$ 952,257
Covered payroll during the measurement period	\$1,260,901	\$1,172,894	\$ 1,034,997	\$ 951,028	\$ 836,654	\$ 823,370	\$ 761,009	\$ 678,223	\$ 673,024
Proportionate share of the net pension liability as a percentage of covered-employee payroll	127.32%	69.14%	122.00%	113.49%	119.72%	120.86%	145.56%	158.56%	141.49%
Plan fiduciary net position as a percentage of the total pension liability	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

See independent auditors' report

WBHM RADIO
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(SEPTEMBER 30, 2022 AND 2021 MEASUREMENT DATES)

Schedule of WBHM's Contributions – Teachers' Retirement Plan of Alabama (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 141,764	\$ 145,325	\$ 130,271	\$ 120,533	\$ 107,387	\$ 93,575	\$ 91,823	\$ 86,501	\$ 76,204
Contributions in relation to the contractually required contribution	141,764	145,325	130,271	120,533	107,387	93,575	91,823	86,501	76,204
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,200,661	\$1,260,901	\$ 1,172,894	\$1,034,997	\$ 951,028	\$ 836,654	\$ 823,370	\$ 761,009	\$ 678,223
Contributions as a percentage of covered payroll	11.81%	11.53%	11.11%	11.65%	11.29%	11.18%	11.15%	11.37%	11.24%

Notes to Schedules

Covered payroll: The payroll on which contributions to a pension plan are based.

Measurement period:

For the fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022.
For the fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021.
For the fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020.
For the fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019.
For the fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018.
For the fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017.
For the fiscal year 2017, the measurement period is October 1, 2015 – September 30, 2016.
For the fiscal year 2016, the measurement period is October 1, 2014 – September 30, 2015.
For the fiscal year 2015, the measurement period is October 1, 2013 – September 30, 2014.

The schedule of WBHM's proportionate share of the net pension liability and the schedule of WBHM's contributions are not available for years prior to 2015.

See independent auditors' report

WBHM RADIO
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AND EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(SEPTEMBER 30, 2022 AND 2021 MEASUREMENT DATES)

The following is required supplementary information related to WBHM's participation in the Alabama Retired Education Employees' Health Care Trust (PEEHIP).

Schedule of WBHM's Proportionate Share of the Net OPEB Liability – Alabama Retired Education Employee's Health Care Trust (PEEHIP) (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
WBHM's proportion of the net OPEB liability	0.00152%	0.00844%	0.01624%	0.00775%	0.00812%	0.00877%
WBHM's proportionate share of the net OPEB liability	\$ 78,490	\$ 547,617	\$ 723,362	\$ 232,170	\$ 667,354	\$ 651,270
WBHM's covered payroll during the measurement period	\$ 1,240,629	\$ 1,126,086	\$ 1,036,499	\$ 933,325	\$ 932,006	\$ 918,595
WBHM's covered payroll OPEB liability as a percentage of its covered-payroll	6.33%	48.63%	69.79%	24.88%	71.60%	70.90%
Plan fiduciary net position as a percentage of the total OPEB liability	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

Schedule of WBHM's Contributions – Alabama Retired Education Employee's Health Care Trust (PEEHIP) (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 19,835	\$ 20,481	\$ 21,576	\$ 22,903	\$ 20,201	\$ 19,936
Contributions in relation to the contractually required contribution	<u>19,835</u>	<u>20,481</u>	<u>21,576</u>	<u>22,903</u>	<u>20,201</u>	<u>19,936</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WBHM's covered payroll	\$ 1,342,470	\$ 1,240,629	\$ 1,126,086	\$ 1,036,499	\$ 933,325	\$ 932,006
Contributions as a percentage of covered payroll	1.48%	1.65%	1.92%	2.21%	2.16%	2.14%

See independent auditors' report

WBHM RADIO
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AND EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(SEPTEMBER 30, 2022 AND 2021 MEASUREMENT DATES)

Notes to Required Supplementary Information for the Year Ended September 30, 2023

Covered payroll: The payroll on which contributions to an OPEB plan are based.

Measurement period:

For the fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022.

For the fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021.

For the fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020.

For the fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019.

For the fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018.

For the fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017.

The following is required supplementary information related to WBHM's participation in the UAB Health Care Plan.

Total OPEB Liability (Unaudited)	2023	2022	2021	2020	2019	2018
Service cost as end of year*	\$ 88	\$ 231	\$ 186	\$ 187	\$ 170	\$ 6,301
Interest on TOL and cash flows	190	142	170	782	699	698
Changes in benefit terms	-	-	-	-	-	(6,786)
Difference between expected and actual experience	(622)	990	(481)	(6,805)	(796)	-
Changes of assumptions or other inputs	(768)	2,331	94	(5,139)	(776)	(972)
Benefit payments	(122)	(1,171)	(1,039)	(1,642)	(1,948)	(5,017)
Net changes	(1,234)	2,523	(1,070)	(12,617)	(2,651)	(5,776)
Total OPEB Liability Beginning	6,735	4,212	5,282	17,899	20,550	26,326
Total OPEB Liability Ending	\$ 5,501	\$ 6,735	\$ 4,212	\$ 5,282	\$ 17,899	\$ 20,550
Covered payroll during the measurement period	\$ 1,240,629	\$ 1,126,086	\$ 1,036,499	\$ 933,325	\$ 932,006	\$ 918,595
Total OPEB liability as a percentage of covered payroll	0.44%	0.60%	0.41%	0.57%	1.92%	2.24%

* The service cost includes interest for the year.

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WBHM RADIO
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AND EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(SEPTEMBER 30, 2022 AND 2021 MEASUREMENT DATES)

Notes to Schedules

Covered payroll: The payroll on which contributions to an OPEB plan are based.

Measurement period:

For the fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022.

For the fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021.

For the fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020.

For the fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019.

For the fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018.

For the fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017.

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