



FINANCE, BUDGET & AUDIT

February 14, 2025

**AUDITOR’S REPORTS AND FINANCIAL STATEMENTS FOR
WKYU-TV AND WKYU-FM RADIO**

REQUEST:

Acceptance of the separate Auditor’s Reports and Financial Statements, WKYU-TV and WKYU-FM Radio for the year ended June 30, 2024.

FACTS:

Western Kentucky University contracts with an external auditing firm to perform audits of the financial statements of WKYU-TV and WKYU-FM Radio. The audits of WKYU-TV and WKYU-FM for the year ended June 30, 2024 were performed by Forvis Mazars, LLP. These separate audits are required under the contractual funding arrangements of Western Kentucky University with the Corporation for Public Broadcasting.

The financial statements present fairly, in all material respects, the financial position as of June 30, 2024 and the changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

RECOMMENDATION:

President Timothy C. Caboni recommends that the Board of Regents accept the separate Auditor’s Reports and Financial Statements for WKYU-TV and for WKYU-FM Radio for the year ended June 30, 2024.

MOTION:

Accept the separate Auditor’s Reports and Financial Statements for WKYU-TV and for WKYU-FM Radio for the year ended June 30, 2024.

Forvis Mazars Report to the Board of Regents

Western Kentucky University
WKYU-TV and WKYU-FM Radio
Results of the 2024 Financial Statement Audits, Including Required Communications
June 30, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audits	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none">As of and for the year ended June 30, 2024Conducted in accordance with our contract dated April 15, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
Independence	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>
Your Responsibilities	<p>Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.</p>
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none">The Board of RegentsManagement and others within the Stations



Qualitative Aspects of Significant Accounting Policies & Practices

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Defined benefit pension plan assumptions
- Other postemployment benefit (OPEB) plan assumptions

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- No matters are reportable

Our Judgment About the Quality of the Stations' Accounting Principles

During the course of the audits, we made the following observations regarding the Stations' application of accounting principles:

- No matters are reportable

Adjustments Identified by Audits

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- KTRS Net OPEB Liability and Deferred Inflows (WKYU-TV)
- Leased Assets Cost and Accumulated Amortization on Leased Asset (WKYU-FM Radio)
- Accrued Vacation (WKYU-TV)

Attachment

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Representation of:

Western Kentucky University
WKYU-TV and WKYU-FM Radio
1906 College Heights Boulevard, #11002
Bowling Green, KY 42101-1002

Provided to:

Forvis Mazars, LLP
Certified Public Accountants
101 S. 5th Street, Suite 3800
Louisville, KY 40202

The undersigned ("We") are providing this letter in connection with Forvis Mazars' audits of our financial statements of WKYU-TV and WKYU-FM Radio (Stations) as of and for the years ended June 30, 2024 and 2023.

Our representations are current and effective as of the date of Forvis Mazars' report: January 9, 2025.

Our engagement with Forvis Mazars is based on our contract for services dated: April 15, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements of the Stations subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entities from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the board of regents held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position.
6. We have no knowledge of fraud or suspected fraud affecting the entities involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
7. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Stations received in communications from employees, former employees, customers, analysts, SEC or other regulators, citizens, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Related Parties

10. We have disclosed to you the identity of all of the Stations' related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

11. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entities may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the Stations.

Litigation, Laws, Rulings, & Regulations

12. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
13. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

14. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
15. We have no reason to believe the entities owe any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
16. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Financial Statements & Reports

17. With regard to supplementary information:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

Transactions, Records, & Adjustments

18. All transactions have been recorded in the accounting records and are reflected in the financial statements.
19. We have everything we need to keep our books and records.
20. We have disclosed any significant unusual transactions the Stations have entered into during the period, including the nature, terms, and business purpose of those transactions.
21. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Stations' accounts.

Governmental Accounting & Disclosure Matters

22. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
23. With regard to deposit and investment activities:
 - a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

- b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
- 24. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as amended.
- 25. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 27. We have appropriately disclosed the entities' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
- 28. The Stations' ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
- 29. The supplementary information required by GASB, consisting of management's discussion and analysis, pension, and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
- 30. With regard to pension and other postretirement benefits (OPEB):
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We have provided you with the entities' most current pension and OPEB plan instrument for the audit period, including all plan amendments.
 - c. The participant data provided to you related to pension and OPEB plans are true copies of the data submitted or electronically transmitted to the plan's actuary.
 - d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

General Government Matters

31. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
32. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an Amendment of GASB Statements No. 21 and No. 34*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
34. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
35. We have appropriately disclosed that the entities are following either its established accounting policy regarding which governmental fund resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes and have determined that fund balance is properly recognized under the policy.

Accounting & Disclosure

36. All transactions entered into by the Stations are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place.
37. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entities are contingently liable.

h. Known or anticipated asset retirement obligations.

38. Except as disclosed in the financial statements, the entities have:

- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

39. We agree with the findings of specialists in evaluating the valuation of pension and OPEB liabilities and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

Revenue, Accounts Receivable, & Inventory

40. Adequate provisions and allowances have been accrued for any material losses from:

- a. Uncollectible receivables.
- b. Sales commitments, including those unable to be fulfilled.
- c. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

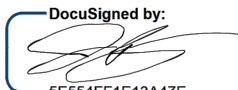
- 41. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
- 42. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, existing at the date of the financial statements that would make the entities vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

- 43. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

- c. The significant assumptions appropriately reflect market participant assumptions.
- d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
- e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

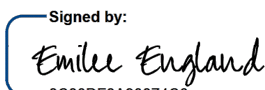
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Emilee England
Director of Finance
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Independent Accountant's Report

Board of Regents
WKYU-FM Radio
Western Kentucky University
Bowling Green, Kentucky

We have examined management's assertion that WKYU-FM Radio, a public broadcasting entity and an organizational unit of Western Kentucky University, prepared the Corporation for Public Broadcasting (CPB) Schedule of Nonfederal Financial Support (NFFS) of WKYU-FM Radio and complied with CPB's fiscal year 2024 *Financial Reporting Guidelines* governing the amounts reported as NFFS during the year ended June 30, 2024. WKYU-FM Radio's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the NFFS for the year ended June 30, 2024, is presented in accordance with (or based on) the aforementioned requirements, is fairly stated, in all material respects.

This report is intended solely for the information and use of the board of regents and management of WKYU-FM Radio and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP


**Louisville, Kentucky
January 9, 2025**



Western Kentucky University WKYU-FM Radio

Independent Auditor's Report, Financial Statements, and Supplementary Information

June 30, 2024 and 2023



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Independent Auditor's Report

President Timothy C. Caboni
and Board of Regents
Western Kentucky University
Bowling Green, Kentucky

Opinion

We have audited the financial statements of WKYU-FM Radio (the Station), a public broadcasting entity operated by Western Kentucky University (University), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2024 and 2023, and the changes in financial position 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Station, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only that portion of the business-type activities that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited), the Schedules of the Station's Proportionate Share of the Net Pension Liability, the Schedules of the Station's Pension Contributions, the Schedules of the Station's Proportionate Share of the Net OPEB Liability and the Schedules of the Station's OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Forvis Mazars, LLP

Louisville, Kentucky
January 9, 2025

**Western Kentucky University WKYU-FM Radio
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023**

Introduction

The following Management's Discussion and Analysis (MD&A) (Unaudited) provides an overview of the financial position and activities of WKYU-FM Radio (the Station) as of and for the year ended June 30, 2024, with selected comparative information as of and for the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

The Station is located on the campus of Western Kentucky University (University). The Station broadcasts Public Broadcasting Service and local programs that inform, enrich and entertain in concert with the mission of the University. The Station's skilled staff, students and volunteers serve viewers with comprehensive music and information programs that reflect current affairs, history and cultures.

Fiscal Year 2024 Highlights

- The Station's net position decreased by \$105,014; (13.61%)
- Operating revenues decreased by \$17,851; 12.42% to \$123,952
- Operating expenses increased by \$393,151 18.69%
- Nonoperating revenues increased by \$502,107; (28.45%)

Governmental Accounting Standards

The MD&A, financial statements and accompanying notes are prepared in accordance with GASB pronouncements.

Statements of Net Position

The statements of net position present a financial picture of the Station's financial condition at the end of the fiscal year by reporting assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position (assets less liabilities).

Assets

Total assets of the Station at the end of fiscal years 2024, 2023 and 2022 were \$3,084,942, \$2,959,243, and \$3,094,057, respectively, of which cash and assets held by College Heights Foundation (Foundation) represented the largest portion. Cash and assets held by College Heights Foundation totaled \$2,991,819, \$2,844,138, and \$2,970,525, or 97.0%, 96.1%, and 95.9%, of total assets for fiscal years 2024, 2023 and 2022, respectively.

Liabilities

Liabilities of the Station consisted of \$63,747, \$61,712, and \$70,028, of accrued employee costs at June 30, 2024, 2023 and 2022, respectively. Additionally, unearned revenue from the Corporation for Public Broadcasting (CPB) grants as of June 30, 2024, 2023 and 2022, was \$366,481, \$415,780, and \$389,066, respectively. Net pension and net other postemployment benefit (OPEB) liabilities were \$1,968,594, \$1,719,338, and \$1,264,168 at June 30, 2024, 2023 and 2022, respectively, and represented 80.7%, 77.1%, and 71.8% of total liabilities, respectively.

Net Position

Net position of the Station was \$666,581, \$771,595, and \$967,984 at June 30, 2024, 2023 and 2022, respectively, and was divided into three major categories, defined as follows:

- *Net investment in capital assets* – This category represents the Station's equity in equipment and leases.
- *Restricted* – This category represents the Station's funds subject to externally imposed restrictions governing its use. The corpus of nonexpendable restricted resources is only available for investment purposes.
- *Unrestricted* – This category represents net positions held by the Station that have no formal restrictions placed upon them.

Western Kentucky University WKYU-FM Radio
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Condensed Statements of Net Position
June 30, 2024, 2023 and 2022

	2024	2023	2022
ASSETS			
Current assets	\$ 1,097,903	\$ 1,206,729	\$ 1,096,190
Assets held by Foundation	1,938,874	1,687,517	1,928,365
Capital and leased assets, net	48,165	64,997	69,502
Total assets	3,084,942	2,959,243	3,094,057
Deferred Outflows of Resources			
Total deferred outflows of resources	341,508	306,420	231,713
Total assets and deferred outflows of resources	<u>\$ 3,426,450</u>	<u>\$ 3,265,663</u>	<u>\$ 3,325,770</u>
LIABILITIES			
Current liabilities	\$ 471,872	\$ 509,827	\$ 487,303
Noncurrent liabilities	1,968,594	1,719,338	1,274,523
Total liabilities	2,440,466	2,229,165	1,761,826
Deferred Inflows of Resources			
Total deferred inflows of resources	319,403	264,903	595,960
Net Position			
Net investment in capital assets	48,165	54,124	46,371
Restricted			
Non-expendable	1,571,389	1,367,628	1,562,745
Expendable	367,485	319,889	365,620
Unrestricted	(1,320,458)	(970,046)	(1,006,752)
Total net position	666,581	771,595	967,984
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,426,450</u>	<u>\$ 3,265,663</u>	<u>\$ 3,325,770</u>

**Western Kentucky University WKYU-FM Radio
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023**

Statements of Revenues, Expenses and Change in Net Position

The statements of revenues, expenses and change in net position present the total revenues (operating and nonoperating) received and earned by the Station and expenses (operating and nonoperating) paid and owed by the Station and income or loss from operations for the fiscal year.

Revenues

Total operating revenues, which exclude University appropriations, of the Station for the fiscal years 2024 2023 and 2022 were \$123,952, \$141,533 and \$90,429, respectively. The primary sources of operating revenues were from underwriting of \$123,952, \$141,533 and \$90,429 for 2024, 2023 and 2022, respectively.

Nonoperating revenues included nonoperating grants and contracts of \$262,702, \$190,572 and \$399,217 from the CPB and other agencies for fiscal years ended June 30, 2024, 2023 and 2022, respectively. Grant revenues related to nonexchange type agreements are classified as nonoperating revenues. In a nonexchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange.

The Station received \$890,422, \$863,444 and \$709,447 of University appropriations and \$543,369, \$496,309 and \$518,193 of administrative support from the University for fiscal years ended June 30, 2024, 2023 and 2022, respectively, which are classified as nonoperating revenues. These funds were used to support Station operating activities.

Expenses

Total operating expenses of the Station for 2024, 2023 and 2022 were \$2,496,143, \$2,102,992 and \$2,086,508, respectively. Total program services expenses were \$993,273, \$946,107 and \$977,659 and total supporting services expenses were \$1,486,038, \$1,137,585 and \$1,090,599 for 2024, 2023 and 2022, respectively. Depreciation and amortization expense was not allocated to each program group but is presented as a single expense item representing depreciation and amortization for all areas of the Station. Depreciation expense totaled \$7,989, \$8,266 and \$7,216 for 2024, 2023 and 2022, respectively, and amortization expense totaled \$8,843 and \$11,034 for 2024, 2023 and 2022, respectively.

Western Kentucky University WKYU-FM Radio
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Condensed Statements of Revenues, Expenses and Change in Net Position
Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Revenues			
Operating revenues			
Underwriting	\$ 123,952	\$ 141,533	\$ 90,429
Total operating revenues	123,952	141,533	90,429
Expenses			
Operating expenses			
Program services	993,273	946,107	977,659
Supporting services	1,486,038	1,137,585	1,090,599
Depreciation	16,832	19,300	18,250
Total operating expenses	2,496,143	2,102,992	2,086,508
Operating Loss	(2,372,191)	(1,961,459)	(1,996,079)
Nonoperating Revenues (Expense)			
General appropriations from Western Kentucky	890,422	863,444	709,447
Indirect administrative support	543,369	496,309	518,193
Grants and contracts	262,702	190,572	399,217
Subscriptions and memberships	172,393	204,743	162,763
Investment income	276,311	(216,175)	278,093
Miscellaneous income	121,980	226,177	362,811
Net nonoperating revenues	2,267,177	1,765,070	2,430,524
Change in Net Position	(105,014)	(196,389)	434,445
Net Position, Beginning of Year	771,595	967,984	533,539
Net Position, End of Year	\$ 666,581	\$ 771,595	\$ 967,984

Statements of Cash Flows

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

The major source of cash from operating activities was business and industry underwriting of \$135,162, \$128,003 and \$101,821 for 2024, 2023 and 2022, respectively. The most significant uses of cash for operating activities were payments to (and on behalf of) employees of \$528,722, \$665,299 and \$917,859 and to suppliers of \$1,673,384, \$1,371,805 and \$1,275,856 for 2024, 2023 and 2022, respectively.

The cash flows from noncapital financing activities included \$1,433,791, \$1,359,753 and \$1,227,640 for 2024, 2023 and 2022, respectively, received as general appropriations and indirect administrative support from the University, which is the largest source of cash for the fiscal years.

The cash flows from investing activities recognize the cash flows from proceeds from sales and maturities of investments and interest and dividends receipts.

**Western Kentucky University WKYU-FM Radio
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023**

**Condensed Statements of Cash Flows
Years Ended June 30, 2024, 2023 and 2022**

	2024	2023	2022
Net cash used in operating activities	\$ (2,066,944)	\$ (1,909,101)	\$ (2,091,894)
Net cash provided by noncapital financing activities	1,941,599	2,008,305	1,851,817
Net cash used in capital and related financing activities	(3,284)	(9,416)	(14,472)
Net cash provided by investing activities	24,953	24,673	18,382
(Decrease) Increase in Cash	(103,676)	114,461	(236,167)
Cash, Beginning of Year	1,156,621	1,042,160	1,278,327
Cash, End of Year	\$ 1,052,945	\$ 1,156,621	\$ 1,042,160

Capital and Lease Assets

As of June 30, 2024, 2023 and 2022, respectively, the Station had \$44,291, \$52,280 and \$45,751 net investment in capital assets consisting of equipment. As of June 30, 2024, 2023 and 2022, respectively, the Station had \$3,874, \$12,717 and \$23,751 in lease assets. Capital and lease assets at June 30, 2024, 2023 and 2022, are summarized below:

	2024	2023	2022
Capital assets	\$ 1,216,303	\$ 1,216,303	\$ 1,201,508
Less accumulated depreciation	(1,172,012)	(1,164,023)	(1,155,757)
Capital Assets, Net	\$ 44,291	\$ 52,280	\$ 45,751
Lease assets	\$ 27,116	\$ 34,785	\$ 34,785
Accumulated amortization	(23,242)	(22,068)	(11,034)
Lease Assets, Net	\$ 3,874	\$ 12,717	\$ 23,751

Lease Liability

As of June 30, 2024, 2023 and 2022, the Station had \$0, \$10,853 and \$23,131, respectively, in lease liability.

Economic Factors Impacting Future Periods

The following are known facts and circumstances that may affect the future financial viability of the Station:

Due to the large amount of investments that are held by the Foundation, the Station has to consider the fluctuations in the market. Realized and unrealized losses within these accounts can have an effect on operations.

Requests for Information

This financial report is designed to provide a general overview of Western Kentucky University's Public Radio and Television finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jordan Basham, Interim Executive Director of Public Broadcasting, Western Kentucky University, Academic Complex 153A, 1906 College Heights Boulevard, Bowling Green, Kentucky 42101. Jordan Basham may also be contacted via email at jordan.basham@wku.edu or via phone at 270.745.6140.

Western Kentucky University WKYU-FM Radio
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash on deposit with University and Foundation	\$ 1,052,945	\$ 1,156,621
Accounts receivable	11,602	22,812
Lease receivable	-	7,600
Prepaid expenses	33,356	19,696
Total current assets	<u>1,097,903</u>	<u>1,206,729</u>
Noncurrent assets		
Assets held by Foundation	1,938,874	1,687,517
Capital assets	1,216,303	1,216,303
Accumulated depreciation	(1,172,012)	(1,164,023)
Lease assets	27,116	34,785
Accumulated amortization	(23,242)	(22,068)
Total noncurrent assets	<u>1,987,039</u>	<u>1,752,514</u>
Total assets	<u>3,084,942</u>	<u>2,959,243</u>
Deferred Outflows of Resources		
Deferred outflows – KTRS Pension	143,518	122,231
Deferred outflows – KERS Pension	86,744	50,936
Deferred outflows – KTRS OPEB	80,342	99,859
Deferred outflows – KERS OPEB	30,904	33,394
Total deferred outflows of resources	<u>341,508</u>	<u>306,420</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,426,450</u></u>	<u><u>\$ 3,265,663</u></u>

Western Kentucky University WKYU-FM Radio
Statements of Net Position
June 30, 2024 and 2023

(Continued)

	2024	2023
LIABILITIES		
Current Liabilities		
Unearned underwriting revenue	\$ 41,644	\$ 21,482
Accrued payroll	37,250	35,813
Accrued vacation	26,497	25,899
Unearned grant revenue	366,481	415,780
Lease liability	-	10,853
	<hr/>	<hr/>
Total current liabilities	471,872	509,827
	<hr/>	<hr/>
Noncurrent liabilities		
Net pension liability – KTRS	697,459	626,792
Net pension liability – KERS	1,078,966	783,827
Net OPEB liability – KTRS	133,149	171,038
Net OPEB liability – KERS	59,020	137,681
	<hr/>	<hr/>
Total noncurrent liabilities	1,968,594	1,719,338
	<hr/>	<hr/>
Total liabilities	2,440,466	2,229,165
	<hr/>	<hr/>
Deferred Inflows of Resources		
Deferred inflows – KTRS Pension	54,744	119,444
Deferred inflows – KERS Pension	46,095	9,156
Deferred inflows – KTRS OPEB	95,757	95,649
Deferred inflows – KERS OPEB	122,807	33,995
Leases	-	6,659
	<hr/>	<hr/>
Total deferred inflows of resources	319,403	264,903
	<hr/>	<hr/>
Net Position		
Net investment in capital assets	48,165	54,124
Restricted		
Non-expendable	1,571,389	1,367,628
Expendable	367,485	319,889
Unrestricted	(1,320,458)	(970,046)
	<hr/>	<hr/>
Total net position	666,581	771,595
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,426,450</u>	<u>\$ 3,265,663</u>

Western Kentucky University WKYU-FM Radio
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Operating revenues		
Business and industry underwriting	\$ 123,952	\$ 141,533
Total operating revenues	123,952	141,533
Expenses		
Operating expenses		
Program services		
Programming and production	843,785	806,876
Broadcasting	133,251	99,925
Program information and promotion	16,237	39,306
Total program services	993,273	946,107
Supporting services		
Management and general	1,338,699	1,005,499
Fundraising	101,145	125,119
Underwriting	46,194	6,967
Total supporting services	1,486,038	1,137,585
Depreciation and amortization	16,832	19,300
Total operating expenses	2,496,143	2,102,992
Operating Loss	(2,372,191)	(1,961,459)
Nonoperating Revenues (Expense)		
General appropriations from Western Kentucky University	890,422	863,444
Indirect administrative support	543,369	496,309
Grants from Corporation for Public Broadcasting	262,702	190,572
Subscriptions and memberships	172,393	204,743
Interest expense	(128)	(608)
Investment income	276,311	(216,175)
Miscellaneous income	122,108	226,785
Net nonoperating revenues	2,267,177	1,765,070
Change in Net Position	(105,014)	(196,389)
Net Position, Beginning of Year	771,595	967,984
Net Position, End of Year	\$ 666,581	\$ 771,595

Western Kentucky University WKYU-FM Radio
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Business and industry underwriting received	\$ 135,162	\$ 128,003
Payments to employees	(528,722)	(665,299)
Payments to suppliers	(1,673,384)	(1,371,805)
Net cash used in operating activities	(2,066,944)	(1,909,101)
Cash Flows from Noncapital Financing Activities		
General appropriations and indirect support from Western Kentucky University	1,433,791	1,359,753
Grants from Corporation for Public Broadcasting	213,403	217,286
Subscriptions and memberships	172,393	204,743
Other noncapital financing activities	122,012	226,523
Net cash provided by noncapital financing operating activities	1,941,599	2,008,305
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	-	(14,795)
Principal payments on lease liability	(10,853)	(12,278)
Interest paid on lease liability	(128)	(608)
Principal payments received on lease receivable	7,600	18,003
Interest payments received on lease receivable	97	262
Net cash used in capital and related financing activities	(3,284)	(9,416)
Cash Flows from Investing Activities		
Net purchases and sales on investments	(12,895)	(10,772)
Interest and dividends	37,848	35,445
Net cash provided by investing activities	24,953	24,673
Increase (Decrease) in Cash	(103,676)	114,461
Cash, Beginning of Year	1,156,621	1,042,160
Cash, End of Year	\$ 1,052,945	\$ 1,156,621
Reconciliation of Net Operating Loss to Net Cash Flows Used in Operating Activities		
Operating loss	\$ (2,372,191)	\$ (1,961,459)
Depreciation and amortization expense	16,832	19,300
Changes in operating assets and liabilities		
Prepaid expenses	(13,660)	5,498
Accounts receivable	11,210	(19,579)
Deferred outflows of resources	(35,088)	(74,707)
Deferred inflows of resources	54,500	(331,057)
Net pension liability	365,806	342,985
Net OPEB liability	(116,550)	112,185
Unearned underwriting revenue	20,162	6,049
Accrued expenses	2,035	(8,316)
Net cash flows used in operating activities	\$ (2,066,944)	\$ (1,909,101)
Noncash Investing, Capital and Financing Activities		
Unrealized gain (loss) on investments	\$ 180,537	\$ (265,743)

Note 1. Nature of Operations

WKYU-FM Radio (the Station) is a public radio station operated by and receiving support from Western Kentucky University (University), Bowling Green, Kentucky. The Station is not considered a component unit but rather an operating unit of the University and its financial activity is included in the financial statements of the University.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity wide perspective of the Station's assets, liabilities, deferred outflows and inflows, net position, revenues, expenses, changes in net position and cash flows. The Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The financial statements of the Station are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of the University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions, pledges and grants are recorded as revenue in the accompanying statements of revenues, expenses and change in net position. In-kind contributions, other than the contribution from the University, are recognized as revenue at the estimated fair value at the date of the gift.

The portion of the University's indirect costs attributable to the Station's operations and the value of space provided for broadcast facilities are included as revenues and expenses and are computed in accordance with guidelines established by the CPB. Total indirect support from the University for the years ended June 30, 2024 and 2023, was \$543,369 and \$496,309, respectively.

Expenses

When an expense is incurred for which both restricted and unrestricted resources are available, the Station's policy is to allow for the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Classification of Revenues

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

- Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as business and industry underwriting.
- Nonoperating revenues – Nonoperating revenues includes activities that have the characteristics of nonexchange transactions, such as (1) college appropriations, (2) most federal, state, and local grants and contracts, and (3) gifts and contributions.

Cash on Deposit with the University and College Heights Foundation

For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and the College Heights Foundation, Inc. Details of accounting transactions affecting cash are maintained by each entity.

Effective January 1, 2023, WKU Foundation, Inc. was merged into College Heights Foundation, Inc. (Foundation) as part of the WKU Foundation's strategy to eliminate donor confusion, streamline efforts, and create economic efficiencies. As College Heights and WKU Foundation were both charitable organizations designated by the University, this transaction was considered a merger in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958). As of June 30, 2023, investments were held by the WKU Foundation.

The University currently uses commercial banks and the Commonwealth of Kentucky (Commonwealth) as depositories. Deposits with commercial banks are covered by federal depository insurance or collateral held by the University's agent in the University's name. At the Commonwealth level, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth's agent in the Commonwealth's name.

The Foundation's cash is on deposit with commercial banks and is federally insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC).

Accounts Receivable

Accounts receivable consist of business and industry underwriting, and subscriptions and memberships. Accounts receivable are recorded net of estimated uncollectible amounts, if any.

Assets Held by Foundation and Investment Income

The Station accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset and is not allocated to functional expense categories. Equipment with an estimated useful life of greater than one year and a cost of \$5,000 is capitalized and depreciated with one-half year's depreciation taken during the year of purchase or donation. Construction-in-progress is capitalized when incurred. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred or when the project was closed and are identified as projects less than \$100,000. The Station continues to track equipment with a cost of \$500 or more for insurance purposes consistent with applicable Kentucky Revised Statutes but does not capitalize items at these lower thresholds. The following estimated useful lives are being used by the Station:

Furniture, fixtures and equipment

3 to 15 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The Station evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or lease asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Lease Receivable

The Station is a lessor for noncancelable leases of certain equipment and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Station initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Station monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Revenue recognized under lease contracts during the years ended June 30, 2024 and 2023, was \$6,757 and \$18,470, respectively, which includes both lease revenue and interest.

Deferred Outflows of Resources

The Station reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

Unearned Revenue

Unearned revenue includes grant funding received from the CPB that has not been expended at the end of the fiscal year. CPB provides funds to the Station at the beginning of a funding period. Thus, any unspent CPB funds at the end of the fiscal year are recorded as unearned revenue until qualifying expenses have been incurred.

Deferred Inflows of Resources

The Station reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statements of net position.

Net Position

The Station's net position is classified as follows:

Net Investment in Capital Assets: This represents the Station's total investment in capital and lease assets, net of accumulated depreciation and amortization and outstanding debt and lease liabilities related to those capital and lease assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position – Non-expendable: Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position: Unrestricted net position represents resources derived from underwriting fees. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

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 the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Assets Held by the Foundation

Assets held by the Foundation as of June 30, 2024 and 2023, consisted of cash equivalents, common equity, fixed income and mutual funds. The fair value of the assets held by the Foundation were \$1,938,874 and \$1,687,517 at June 30, 2024 and 2023, respectively.

Fair Value Measurements: The Station categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Station has the following recurring fair value measurements as of June 30, 2024 and 2023:

- Assets held by the Foundation of \$1,938,874 and \$1,687,517, which are valued at net asset value (NAV). There are no unfunded commitments and funds can be redeemed on a daily basis. The investment strategy is a long-term growth strategy and the underlying funds in the trust include cash, common stock, mutual funds, and fixed income securities.

Interest Rate Risk: The Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, bond resolutions govern the investment of bond reserves.

Credit Risk: The Station's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Station's investment policy allows investments in U.S. Agency securities if such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services. The Station did not have any investment in debt securities as of June 30, 2024 and 2023. Therefore, the Station is not considered to have credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Station will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Station's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Station investment. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Station is fully collateralized as of June 30, 2024 and 2023.

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

Concentration of Credit Risk: The Commonwealth places no limit on the amount the Station may invest in any one issuer.

Investment income for the years ended June 30, 2024 and 2023, consisted of:

	2024	2023
Interest income, including interest earned on cash equivalents	\$ 37,848	\$ 35,445
Net change in fair value of investments and assets held by the Foundation	238,463	(251,620)
	<u>\$ 276,311</u>	<u>\$ (216,175)</u>

Note 4. Capital Assets and Lease Assets

Capital assets consist of equipment. Capital assets activity for the years ended June 30, 2024 and 2023, was:

	2024			
	Beginning Balance	Additions	Disposals	Ending Balance
Furniture, fixtures and equipment	\$ 1,216,303	\$ -	\$ -	\$ 1,216,303
Less accumulated depreciation	(1,164,023)	(7,989)	-	(1,172,012)
Capital assets, net	<u>\$ 52,280</u>	<u>\$ (7,989)</u>	<u>\$ -</u>	<u>\$ 44,291</u>

	2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	\$ 1,201,508	\$ 14,795	\$ -	\$ 1,216,303
Less accumulated depreciation	(1,155,757)	(8,266)	-	(1,164,023)
Capital assets, net	<u>\$ 45,751</u>	<u>\$ 6,529</u>	<u>\$ -</u>	<u>\$ 52,280</u>

Changes in lease assets for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024			
	Beginning Balance	Additions	Disposals	Ending Balance
Lease assets	\$ 34,785	\$ -	\$ 7,669	\$ 27,116
Less accumulated amortization	(22,068)	(8,843)	(7,669)	(23,242)
Lease assets, net	<u>\$ 12,717</u>	<u>\$ (8,843)</u>	<u>\$ -</u>	<u>\$ 3,874</u>

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	2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Lease assets	\$ 34,785	\$ -	\$ -	\$ 34,785
Less accumulated amortization	(11,034)	(11,034)	-	(22,068)
Lease assets, net	<u>\$ 23,751</u>	<u>\$ (11,034)</u>	<u>\$ -</u>	<u>\$ 12,717</u>

Note 5. Lease Liability

The following is a summary of long-term lease obligation transactions for the Station for the years ended June 30, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	<u>\$ 10,853</u>	<u>\$ -</u>	<u>\$ (10,853)</u>	<u>\$ -</u>	<u>\$ -</u>

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	<u>\$ 23,131</u>	<u>\$ -</u>	<u>\$ (12,278)</u>	<u>\$ 10,853</u>	<u>\$ 10,853</u>

Note 6. Natural and Functional Classifications of Operating Expenses

The Station's operating expenses by natural classification were as follows:

	2024			
	Compensation and Benefits	Other	Depreciation	Total
Program and supporting services	\$ 799,425	\$ 1,679,886	\$ -	\$ 2,479,311
Depreciation and amortization	-	-	16,832	16,832
Total operating expenses	<u>\$ 799,425</u>	<u>\$ 1,679,886</u>	<u>\$ 16,832</u>	<u>\$ 2,496,143</u>

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	2023			
	Compensation and Benefits	Other	Depreciation	Total
Program and supporting services	\$ 706,390	\$ 1,377,302	\$ -	\$ 2,083,692
Depreciation	-	-	19,300	19,300
Total operating expenses	<u>\$ 706,390</u>	<u>\$ 1,377,302</u>	<u>\$ 19,300</u>	<u>\$ 2,102,992</u>

Note 7. Risk Management

The Station and University are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, employee health and certain natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

In 2006, the University opted out of the Kentucky public entity risk pool and began self-insuring workers' compensation claims. The University contracts with a third-party administrator for administration services related to workers' compensation claims.

Note 8. Defined Benefit Pension and Other Postemployment Benefit (OPEB) Plans

Employees of the University are covered by one of three pension plans: the Optional Retirement Plan, the Kentucky Employees' Retirement System (KERS) Plan, and the Kentucky Teachers Retirement System (KTRS) Plan.

Optional Retirement Plan

Plan Description: University faculty and administrative staff hired after July 1, 1996, have the option of participating in the Optional Retirement Program, a defined contribution pension plan. The plan is administered by one of three providers chosen by the employee. The plan provides retirement benefits to plan members. Benefit provisions are contained in the plan document and were established and may be amended by action of the Commonwealth.

For the years ended June 30, 2024 and 2023, contribution rates for plan members and the University expressed as a percentage of covered payrolls were 6.16% and 8.74%, respectively. Of the University's 8.74% contribution, 0.00% is paid to KTRS for unfunded liabilities.

The University's contributions to the Optional Retirement Program on behalf of the Station for the years ended June 30, 2024 and 2023, were \$11,975 and \$11,130, respectively. Station employees' contributions to the Optional Retirement Program for the years ended June 30, 2024 and 2023, were \$8,440 and \$7,845, respectively.

Kentucky Employees Retirement System

Plan Description: The University contributes to the KERS, a cost-sharing, multiple-employer defined benefit pension plan and OPEB plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the board of trustees (KPPA Board) of KPPA administers the KERS, County Employees Retirement System and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570 and 78.630.

KPPA issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KPPA website at www.kyret.ky.gov.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of KERS and additions to/deductions from KERS's fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/13	Tier 3 Participation 1/1/2014
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	Five complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		

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Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

OPEB Benefits Provided: The information below summarizes the major retirement benefit provisions of KERS-Non-hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal years ended June 30, 2024 and 2023, participating employers in the plan contributed 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB) and 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB), respectively, as set by KRS, of each employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings.

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The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$11,172,430 (\$9,034,821 related to pension and \$2,137,609 related to OPEB) and \$11,188,447 (\$9,029,608 related to pension and \$2,158,839 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. The OPEB contribution amount does not include the implicit subsidy of \$220,683 and \$470,563 for the fiscal years ended June 30, 2024 and 2023, respectively. Contributions related to the Station were \$92,191 (\$72,308 related to pension and \$19,883 related to OPEB) for the year ended June 30, 2024, and \$61,068 (\$47,898 related to pension and \$13,170 related to OPEB) for the year ended June 30, 2023.

Members whose participation began before 9/1/2008:

Contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and, per statute, shall not be less than 2.0%. Members are entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Contributions equal 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account; however, the 1% contributed to the insurance fund is nonrefundable.

Members whose participation began on or after 1/1/2014:

Contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account; however, the 1% contributed to the insurance fund is nonrefundable.

Pension Information

Total Pension Liability: The total pension liability was measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30%
Salary increases	3.30%–15.30%
Amortization period	30 years, closed
Investment rate of return	5.25%

June 30, 2022

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30%
Salary increases	3.30%–15.30%
Amortization period	30 years, closed
Investment rate of return	5.25%

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The mortality table used for active members is PUB-2010 General Mortality Table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The mortality table used for active members is Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013–2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is Pub-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) for both June 30, 2023 and June 30, 2022.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination does not use a municipal bond rate.
- (e) **Periods of Projected Benefit Payments:** The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.
- (f) **Assumed Asset Allocation:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	32.50%	5.90%
Private Equity	7.00%	11.73%
Fixed Income		
Core Bonds	20.50%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	5.00%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 5.25% based on a blending of the factors described above.

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	32.50%	4.45%
Private Equity	7.00%	10.15%
Fixed Income		
Core Bonds	20.50%	0.00%
Specialty Credit/High Yield	15.00%	2.28%
Cash	5.00%	(0.91%)
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	10.00%	4.07%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 5.25% based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Station's allocated portion of the net pension liability of the System, calculated using the discount rate of 5.25%, as well as what the Station's allocated portion of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.25%) or one-percentage-point higher (6.25%) than the current rate:

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	2023		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Proportionate share of collective net pension liability	\$ 1,240,160	\$ 1,078,966	\$ 945,386
	2022		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Proportionate share of collective net pension liability	\$ 901,528	\$ 783,827	\$ 686,910

Employer's Portion of the Collective Net Pension Liability: The Station's proportionate share of the net pension liability at June 30, 2024 and 2023, is \$1,078,966 and \$783,827, or approximately 0.0093% and 0.0061%, respectively. The net pension liabilities were distributed based on the employers' covered payroll provided for the measurement period ended June 30, 2023, and actual employer contributions to the plan for the measurement period ended June 30, 2022.

Measurement Date: June 30, 2022 and 2021, are the actuarial valuation dates and June 30, 2023 and 2022, are the measurement dates upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022".

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plan, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

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Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Pension Expense: The Station was allocated pension expense of \$3,731 and \$27,614 related to the KERS plan for the years ended June 30, 2024 and 2023, respectively.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled as deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the measurement date include:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,340	\$ 12	\$ -	\$ 918
Change of assumptions	-	29,648	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	16,435	-	8,238
Net difference between projected and actual earnings on investments	1,097	-	3,038	-
	<u>14,437</u>	<u>46,095</u>	<u>3,038</u>	<u>9,156</u>
Contributions subsequent to the measurement date	<u>72,307</u>	<u>-</u>	<u>47,898</u>	<u>-</u>
Total	<u>\$ 86,744</u>	<u>\$ 46,095</u>	<u>\$ 50,936</u>	<u>\$ 9,156</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$72,307 will be recognized as a reduction of net pension liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year Ending June 30	
2025	\$ (33,614)
2026	(2,004)
2027	4,827
2028	(867)
	<u>\$ (31,658)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued pension plan financial reports.

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OPEB Information

Total OPEB Liability: The total OPEB liability was measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30%–15.30%
Investment rate of return	6.25%
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

June 30, 2022

Actuarial valuation date	June 30, 2021
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30%–15.30%
Investment rate of return	6.25%
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The mortality table used for active members is Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013–2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is Pub-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.94% and 5.72% as of June 30, 2023 and 2022 respectively. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected separately to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not currently being included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.

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- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination used a municipal bond rate of 3.86% and 3.69% as of June 30, 2023 and 2022, respectively as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023 and 2022, respectively.
- (e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (f) **Assumed Asset Allocations:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	1.50%	1.39%
Diversifying Strategies		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 8.06% based on a blending of the factors described above.

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2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	43.50%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	1.50%	(0.91%)
Diversifying Strategies		
Real Estate	10.00%	3.67%
Real Return	10.00%	4.07%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board at 6.25% based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents the Station's allocated portion of the net OPEB liability of the System as of June 30, 2023, calculated using the discount rate of 5.94%, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.94%) or one-percentage-point higher (6.94%) than the current rate for:

	2023		
	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
Station's net OPEB liability	\$ 79,377	\$ 59,020	\$ 41,901

The following presents the Station's allocated portion of the Non-hazardous net OPEB liability of The System as of June 30, 2022, calculated using the discount rate of 5.72 percent, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.72 percent) or 1-percentage-point higher (6.72 percent) than the current rate:

	2022		
	1% Decrease (4.72%)	Current Discount Rate (5.72%)	1% Increase (6.72%)
Station's net OPEB liability	\$ 164,829	\$ 137,681	\$ 112,699

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The following presents the Station's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2023		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 43,266	\$ 59,020	\$ 78,091

	2022		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 113,197	\$ 137,681	\$ 163,976

Employer's Portion of the Collective OPEB Liability: The Station's proportionate share of the net OPEB liability at June 30, 2024 and 2023, is \$59,020, or approximately 0.0093% and \$137,681, or approximately 0.0061%, respectively. The net OPEB liabilities were distributed based on the 2023 and 2022 actual employer contributions to the plan.

Measurement Date: June 30, 2022 and 2021, are the actuarial valuation dates and June 30, 2023 and 2022, are the measurement dates upon which the total OPEB liability is based.

Changes in Assumptions and Benefit Terms: The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". Additionally, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the KERS non-hazardous insurance plan.

House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plan, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

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OPEB Expense: The Station was allocated OPEB income of \$49,801 and \$7,068 related to the KERS Non-hazardous Plan for the years ended June 30, 2024 and 2023, respectively.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled as deferred inflows. If they will increase OPEB expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Deferred inflows and outflows as of the measurement date include:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 80,263	\$ 3,355	\$ 11,028
Change of assumptions	5,775	6,515	7,739	9,134
Changes in proportion and differences between employer contributions and proportionate shares of contributions	3,216	36,029	3,574	13,833
Net difference between projected and actual earnings on OPEB plan investments	11	-	2,809	-
	9,002	122,807	17,477	33,995
Contributions subsequent to the measurement date	21,902	-	15,917	-
Total	\$ 30,904	\$ 122,807	\$ 33,394	\$ 33,995

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$21,902 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2024. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year Ending June 30	
2025	\$ (51,569)
2026	(46,074)
2027	(15,470)
2028	(692)
	<u>\$ (113,805)</u>

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB plan financial reports.

Kentucky Teachers' Retirement System

Plan Description: All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System (KTRS), a cost-sharing multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service.

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling 502.573.3266, or visiting the website at <http://trs.ky.gov>.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of KTRS and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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Pension Plan Information

Pension Benefits Provided: The information on the following page summarizes the major retirement benefit provisions of the KTRS plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Covered Employees	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula	Final Compensation X Benefit Factor X Years of Service	
Final Compensation	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.
Benefit Factor	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA)	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees (KTRS Board). The retired member pays premiums in excess of the monthly supplement.	

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Contributions: Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal years ended June 30, 2024 and 2023, University employees were required to contribute 8.185% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865% (13.010% allocated to pension, 2.775% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after July 1, 2008, and 9.775% (7.695% allocated to pension, 2.000% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after January 1, 2022, for the fiscal years ended June 30, 2024 and 2023, respectively. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$7,010,874 (\$5,735,147 related to pension and \$1,257,727 related to OPEB) and \$6,943,857 (\$5,686,652 related to pension and \$1,257,205 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. In addition, the Commonwealth contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$6,317,157 and \$7,242,560 for the years ended June 30, 2024 and 2023, respectively. Contributions related to the Station were \$57,886 (\$47,602 related to pension and \$10,284 related to OPEB) and \$57,337 (\$47,199 related to pension and \$10,138 related to OPEB) for the years ended June 30, 2024 and 2023, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2024 and 2023, the Station reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the Station by the Commonwealth. The amount recognized by the Station as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Station were as follows:

	<u>2024</u>	<u>2023</u>
Station's proportionate share of the net pension liability	\$ 697,459	\$ 626,792
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the Station	<u>775,763</u>	<u>814,527</u>
Total	<u>\$ 1,473,222</u>	<u>\$ 1,441,319</u>

The net pension liability was measured as of June 30, 2024 and 2023. The Station's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2024 and 2023, respectively, the Station's proportion was 0.0039% and 0.0035% and the Commonwealth's proportion associated with the Station was 0.0044% and 0.0046%.

For the years ended June 30, 2024 and 2023, the Station recognized pension expense of \$120,845 and \$(95,361) and revenue of \$88,622 and \$17,271. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ (8,545)	\$ -	\$ (21,762)	\$ -
Change of assumptions	33,595	-	56,851	-
Net difference between projected and actual earnings on OPEB plan investments	17,403	-	39,943	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	53,463	54,744	-	119,444
	95,916	54,744	75,032	119,444
Contributions subsequent to the measurement date	47,602	-	47,199	-
Total	\$ 143,518	\$ 54,744	\$ 122,231	\$ 119,444

At June 30, 2024 and 2023, the Station reported \$47,602 and \$47,199, respectively, as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2024, related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2025	\$ 5,015
2026	(10,932)
2027	50,570
2028	(3,481)
	<u>\$ 41,172</u>

Actuarial assumptions: The total pension liabilities were determined by actuarial valuations as of June 30, 2022 and 2021, using the following actuarial assumptions for both years, applied to all periods included in the measurement:

June 30, 2022 and June 30, 2021:

Price Inflation	2.50%
Salary Increases	3.00%–7.50%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the Pub2010 Mortality Table, projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the five-year period ending June 30, 2020, adopted by the KTRS Board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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The long-term expected return on the plan 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	<u>100.0%</u>	

2022 Asset Class	Target Allocation	Nominal Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1%)
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3%)
Total	<u>100.0%</u>	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date: There were no changes in the prior measurement date.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the Station reporting date that are expected to have a significant effect on the Station's proportionate share of the collective net pension liability.

Discount Rate: The discount rate used to measure the total pension liability at June 30, 2024 and 2023, was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

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Based on those assumptions, the pension plan's fiduciary net position was 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 the Station's proportionate share of the net pension liability to changes in the discount rate:
The following table presents the net pension liability of the Station as of June 30, 2024 and 2023, calculated using the discount rate of 7.10% for both years, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

	2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of collective net pension liability	\$ 897,055	\$ 697,459	\$ 532,442
	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of collective net pension liability	\$ 800,910	\$ 626,792	\$ 483,071

Medical Insurance Plan

Plan Description: In addition to the OPEB benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS medical insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the KTRS Board, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided: To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions, three quarters percent (.75%) from state appropriation, and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2024 and 2023, the Station reported a liability of \$130,169 and \$167,826, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the Station's proportion was 0.0053% and 0.0068%, respectively.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023, that was associated with the Station were as follows:

	<u>2024</u>	<u>2023</u>
Station's proportionate share of the net OPEB liability	\$ 130,169	\$ 167,826
State's proportionate share of net OPEB liability associated with the Station	<u>61,735</u>	<u>10,541</u>
Total	<u>\$ 191,904</u>	<u>\$ 178,367</u>

For the years ended June 30, 2024 and 2023, respectively, the Station recognized OPEB expense (income) of \$(2,058) and \$(4,507) and revenue (expense) of \$5,744 and (\$448) for support provided by the State. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 44,123	\$ -	\$ 70,542
Change of assumptions	29,590	-	34,080	-
Net difference between projected and actual earnings on OPEB plan investments	2,432	-	8,923	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	<u>37,109</u>	<u>50,589</u>	<u>45,492</u>	<u>23,804</u>
	69,131	94,712	88,495	94,346
Contributions subsequent to the measurement date	<u>10,284</u>	-	<u>10,138</u>	-
Total	<u>\$ 79,415</u>	<u>\$ 94,712</u>	<u>\$ 98,633</u>	<u>\$ 94,346</u>

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Of the total amount reported as deferred outflows of resources related to OPEB, \$10,284 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

Year Ending June 30	
2025	\$ (12,160)
2026	(9,885)
2027	606
2028	988
2029	(1,843)
Thereafter	(3,287)
	<u>\$ (25,581)</u>

Actuarial Assumptions: The total OPEB liabilities measured at June 30, 2023 and 2022, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2034
Municipal Bond Index Rate	3.66%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

June 30, 2022

Actuarial valuation date	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Under 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

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The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected return on OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following tables:

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash (LIBOR)	<u>1.0%</u>	1.6%
Total	<u>100.0%</u>	

2022 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1%)
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	<u>1.0%</u>	(0.3%)
Total	<u>100.0%</u>	

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June 30, 2024 and 2023

Discount Rate: The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Station's proportionate share of the net OPEB liability to changes in the discount rates:

The following table presents the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

2024			
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 167,428	\$ 130,169	\$ 99,376
2023			
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 210,563	\$ 167,826	\$ 132,443

Sensitivity of the Station's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates: The following presents the Station's proportionate share of the collective net OPEB liability, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

2024			
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 93,715	\$ 130,169	\$ 175,572
2023			
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 125,811	\$ 167,826	\$ 220,075

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KTRS financial report.

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

Changes in Assumptions and Benefit Terms: There were no changes in benefit terms for the year ending June 30, 2024. For the year ending June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023.

In fiscal year 2024, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older increased from 5.125% to 6.75%, and Medicare Part B Premiums decreased from 6.97% to 1.55%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

Life Insurance Plan

Plan Description: KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the KTRS Board and the General Assembly.

Benefits Provided: KTRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. KTRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions: In order to fund the post-retirement life insurance benefit, four hundredths of one percent (.04%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2024 and 2023, the Station reported a liability of \$2,980 and \$3,212, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the Station's proportion was 0.011% and 0.010%.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023, that was associated with the Station were as follows:

	<u>2024</u>	<u>2023</u>
Station's proportionate share of the net OPEB liability	\$ 2,980	\$ 3,212
State's proportionate share of net OPEB liability associated with the Station	<u>-</u>	<u>-</u>
Total	<u>\$ 2,980</u>	<u>\$ 3,212</u>

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

For the years ended June 30, 2024 and 2023, respectively, the Station recognized OPEB expense of \$241 and \$257 and revenue of \$125 and \$133 for support provided by the Commonwealth. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33	\$ 340	\$ 49	\$ 382
Change of assumptions	-	340	-	423
Net difference between projected and actual earnings on OPEB plan investments	531	-	880	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	58	365	-	498
	622	1,045	929	1,303
Contributions subsequent to the measurement date	305	-	297	-
Total	<u>\$ 927</u>	<u>\$ 1,045</u>	<u>\$ 1,226</u>	<u>\$ 1,303</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$305 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

Year Ending June 30	
2025	\$ (183)
2026	(183)
2027	191
2028	(232)
2029	(25)
Thereafter	9
	<u>\$ (423)</u>

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

Actuarial Assumptions: The total OPEB liabilities measured at June 30, 2023 and 2022, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	24 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%

June 30, 2022

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2022, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected return on OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following tables:

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	<u>2.0%</u>	1.6%
Total	<u>100.0%</u>	

2022 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1%)
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	<u>2.0%</u>	(0.3%)
Total	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total OPEB liability for life insurance was 7.10% for both years. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Western Kentucky University WKYU-FM Radio
Notes to Financial Statements
June 30, 2024 and 2023

Sensitivity of the Station's proportionate share of the net OPEB liability to changes in the discount rate:
The following table presents the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

	2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 4,797	\$ 2,980	\$ 1,511

	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 4,963	\$ 3,212	\$ 1,793

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

Changes of benefit terms: There were no changes in benefit terms for the year ending June 30, 2024. For the year ending June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023.

As discussed above, the KTRS OPEB benefits include a medical and life insurance plan. See below for total OPEB liability recorded at June 30, 2024 and 2023.

	2024	2023
Medical insurance plan	\$ 130,169	\$ 167,826
Life insurance plan	2,980	3,212
KTRS OPEB liability	\$ 133,149	\$ 171,038

Required Supplementary Information

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Schedules of the Station's Proportionate Share of the Net Pension Liability
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
KERS									
Station's proportion of the net pension liability	0.009%	0.006%	0.004%	0.004%	0.003%	0.003%	0.003%	0.003%	0.002%
Station's proportionate share of the net pension liability	\$ 1,078,966	\$ 783,827	\$ 490,269	\$ 507,338	\$ 477,802	\$ 410,691	\$ 365,179	\$ 316,157	\$ 220,664
Station's covered payroll	\$ 85,485	\$ 49,928	\$ 50,117	\$ 38,812	\$ 33,699	\$ 33,426	\$ 32,751	\$ 33,929	\$ 33,354
Station's proportionate share of the net pension liability as a percentage of its covered payroll	1,262.17%	1,159.91%	978.25%	1,307.17%	1,417.85%	1,228.65%	1,115.02%	931.81%	661.58%
Plan fiduciary net position as a percentage of the total pension liability	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.30%	14.80%	18.83%
KTRS									
Station's proportion of the net pension liability	0.004%	0.004%	0.004%	0.004%	0.003%	0.005%	0.004%	0.008%	0.006%
Station's proportionate share of the net pension liability	\$ 697,459	\$ 626,792	\$ 577,365	\$ 543,474	\$ 431,465	\$ 642,001	\$ 1,221,509	\$ 2,315,167	\$ 1,467,656
State's proportionate share of the net pension liability associated with the Station	<u>775,763</u>	<u>814,527</u>	<u>609,542</u>	<u>571,563</u>	<u>467,532</u>	<u>477,642</u>	<u>973,520</u>	<u>218,203</u>	<u>149,244</u>
Total	<u>\$ 1,473,222</u>	<u>\$ 1,441,319</u>	<u>\$ 1,186,907</u>	<u>\$ 1,115,037</u>	<u>\$ 898,997</u>	<u>\$ 1,119,643</u>	<u>\$ 2,195,029</u>	<u>\$ 2,533,370</u>	<u>\$ 1,616,900</u>
Station's covered payroll	\$ 375,152	\$ 364,013	\$ 306,112	\$ 211,299	\$ 252,426	\$ 260,620	\$ 284,249	\$ 220,183	\$ 253,153
Station's proportionate share of the net pension liability as a percentage of its covered payroll	185.91%	172.19%	188.61%	257.21%	170.93%	246.34%	429.73%	1,051.47%	579.75%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.1%	59.30%	39.83%	35.22%	42.49%

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net Pension Liability
June 30, 2024 and 2023**

Notes to Schedules

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS, salary increases changed from 3.55% to 15.55% for Non-hazardous and Hazardous to 3.30% to 15.30% for Non-hazardous and to 3.55% to 20.05% for Hazardous. The KERS amortization period changed from 26 years, closed to 30 years, closed. For KTRS, price inflation changed from 3.00% to 2.50%, salary increases changed from 3.50% to 7.30%, including inflation, to 3.00%–7.50%, including inflation, and the investment rate of return changed from 7.50%, net of pension plan investment expense, including inflation, to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55%–15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service. The payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

*The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Schedules of the Station's Pension Contributions
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
KERS									
Contractually required contribution	\$ 72,308	\$ 47,898	\$ 30,441	\$ 21,991	\$ 19,289	\$ 16,483	\$ 16,838	\$ 15,599	\$ 13,227
Contributions in relation to the contractually required contribution	<u>(72,308)</u>	<u>(47,898)</u>	<u>(30,441)</u>	<u>(21,991)</u>	<u>(19,289)</u>	<u>(16,483)</u>	<u>(16,838)</u>	<u>(15,599)</u>	<u>(13,227)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Station's covered payroll	\$ 124,229	\$ 85,485	\$ 49,928	\$ 50,117	\$ 38,812	\$ 33,699	\$ 33,246	\$ 32,751	\$ 33,929
Contributions as a percentage of covered payroll	58.20%	56.03%	60.97%	43.88%	49.70%	48.91%	50.65%	47.63%	38.98%
KTRS									
Contractually required contribution	\$ 47,602	\$ 47,199	\$ 48,179	\$ 67,429	\$ 33,737	\$ 58,322	\$ 56,428	\$ 59,898	\$ 34,932
Contributions in relation to the contractually required contribution	<u>(47,602)</u>	<u>(47,199)</u>	<u>(48,179)</u>	<u>(67,429)</u>	<u>(33,737)</u>	<u>(58,322)</u>	<u>(56,428)</u>	<u>(59,898)</u>	<u>(34,932)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Station's covered payroll	\$ 385,162	\$ 375,152	\$ 364,013	\$ 306,122	\$ 211,299	\$ 252,426	\$ 260,620	\$ 284,249	\$ 220,183
Contributions as a percentage of covered payroll	12.36%	12.58%	13.24%	22.03%	15.97%	23.10%	21.65%	21.07%	15.86%

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's Pension Contributions
June 30, 2024 and 2023**

Notes to Schedules

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS, salary increases changed from 3.55% to 15.55% for Non-hazardous and Hazardous to 3.30% to 15.30% for Non-hazardous and to 3.55% to 20.05% for Hazardous. The KERS amortization period changed from 26 years, closed to 30 years, closed. For KTRS, price inflation changed from 3.00% to 2.50%, salary increases changed from 3.50% to 7.30%, including inflation, to 3.00%–7.50%, including inflation, and the investment rate of return changed from 7.50%, net of pension plan investment expense, including inflation, to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55%–15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

******This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018
KERS							
Station's proportion of the net OPEB liability	0.008%	0.006%	0.004%	0.004%	0.004%	0.003%	0.003%
Station's proportionate share of the net OPEB liability	\$ 59,020	\$ 137,681	\$ 84,835	\$ 90,938	\$ 74,646	\$ 71,014	\$ 69,247
Station's covered payroll	\$ 85,485	\$ 49,928	\$ 50,117	\$ 38,812	\$ 33,699	\$ 33,426	\$ 32,751
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	69.04%	275.76%	169.27%	234.30%	221.51%	212.45%	211.43%
Plan fiduciary net position as a percentage of the total OPEB liability	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.40%
KTRS – Medical Insurance							
Station's proportion of the net OPEB liability	0.005%	0.007%	0.005%	0.004%	0.004%	0.004%	0.005%
Station's proportionate share of the net OPEB liability	\$ 130,169	\$ 167,826	\$ 110,228	\$ 111,132	\$ 109,183	\$ 154,141	\$ 164,964
Station's covered payroll	\$ 375,152	\$ 364,013	\$ 306,112	\$ 211,299	\$ 252,426	\$ 260,620	\$ 284,249
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.70%	46.10%	36.01%	52.59%	43.25%	59.14%	58.04%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
KTRS – Life Insurance							
Station's proportion of the net OPEB liability	0.01%	0.01%	0.01%	0.01%	0.008%	0.01%	0.01%
Station's proportionate share of the net OPEB liability	\$ 2,980	\$ 3,212	\$ 1,471	\$ 3,298	\$ 2,500	\$ 2,769	\$ 2,171
Station's covered payroll	\$ 375,152	\$ 364,013	\$ 306,112	\$ 211,299	\$ 252,426	\$ 260,620	\$ 284,249
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.79%	0.88%	0.48%	1.56%	0.99%	1.06%	0.76%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023**

Notes to Schedules

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of “Under 65” and “Ages 65 and Older” were merged into one group called “Medical Trends” with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS, the healthcare trend rate for under age 65 decreased from 6.25% to 6.20% and for ages 65 and older the healthcare trend rate increased from 5.50% to 9.00%. The KERS discount rates used for Non-hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF healthcare cost trend rates for ages 65 and older and Medicare Part B premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The municipal bond index rate for KTRS MIF and LIF increased from 2.13% to 3.37%

In fiscal year 2022, for KERS, the healthcare trend rate for under age 65 decreased from 6.40% to 6.25% and for ages 65 and older the healthcare trend rate increased from 2.90% to 5.50%. The KERS salary increases for Hazardous changed from 3.55% to 19.55% to 3.55%. The KERS discount rates used for Non-hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, salary increases changed from 3.50%–7.20% to 3.00%–7.50%, the inflation rate decreased from 3.00% to 2.50%, real wage growth decreased from 0.50% to 0.25%, wage inflation decreased from 3.50% to 2.75%, and the municipal bond index rate decreased from 2.19% to 2.13%. The KTRS MIF healthcare cost trend rates for under age 65 and ages 65 and older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B premiums decreased from 6.49% to 4.40%.

In fiscal year 2021, for KERS, the healthcare trend rates for under age 65 and ages 65 and older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS municipal bond index rate decreased from 3.50% to 2.19%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B premiums increased from 2.63% to 6.49%. The KTRS LIF salary increases changed from 3.50%–7.45% to 3.50%–7.20%.

In fiscal year 2020, for KERS, the salary increases changed from 3.05% avg. to 3.55%–15.55% (Non-hazardous) and 3.55% to 19.55% (hazardous). The KTRS municipal bond index rate decreased from 3.89% to 3.50%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS, Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 years to 30 years and the inflation rate increased from 3.00% to 3.50%.

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023**

In fiscal year 2018, the KERS, plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018
KERS							
Contractually required contribution	\$ 19,883	\$ 13,170	\$ 9,969	\$ 6,458	\$ 3,951	\$ 3,374	\$ 3,448
Contributions in relation to the contractually required contribution	<u>(19,883)</u>	<u>(13,170)</u>	<u>(9,969)</u>	<u>(6,458)</u>	<u>(3,951)</u>	<u>(3,374)</u>	<u>(3,448)</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Station's covered payroll	\$124,229	\$ 85,485	\$ 49,928	\$ 50,117	\$ 38,812	\$ 33,699	\$ 33,246
Contributions as a percentage of covered payroll	16.01%	15.41%	19.97%	12.89%	10.18%	10.01%	10.37%
KTRS – Medical Insurance							
Contractually required contribution	\$ 10,284	\$ 10,138	\$ 8,417	\$ 13,100	\$ 6,174	\$ 7,912	\$ 7,635
Contributions in relation to the contractually required contribution	<u>(10,284)</u>	<u>(10,138)</u>	<u>(8,417)</u>	<u>(13,100)</u>	<u>(6,174)</u>	<u>(7,912)</u>	<u>(7,635)</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Station's covered payroll	\$ 385,162	\$ 375,152	\$ 364,013	\$ 306,122	\$ 211,299	\$ 252,426	\$ 206,620
Contributions as a percentage of covered payroll	2.67%	2.70%	2.31%	4.28%	2.92%	3.13%	2.93%
KTRS – Life Insurance							
Contractually required contribution	\$ 307	\$ 299	\$ 255	\$ 306	\$ 126	\$ 98	\$ 94
Contributions in relation to the contractually required contribution	<u>(307)</u>	<u>(299)</u>	<u>(255)</u>	<u>(306)</u>	<u>(126)</u>	<u>(98)</u>	<u>(94)</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Station's covered payroll	\$ 385,162	\$ 375,152	\$ 364,013	\$ 306,122	\$ 211,299	\$ 252,426	\$ 206,620
Contributions as a percentage of covered payroll	0.08%	0.08%	0.07%	0.099%	0.059%	0.038%	0.036%

Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023

Notes to Schedules

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of “Under 65” and “Ages 65 and Older” were merged into one group called “Medical Trends” with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS, the healthcare trend rate for under age 65 decreased from 6.25% to 6.20% and for ages 65 and older the healthcare trend rate increased from 5.50% to 9.00%. The KERS discount rates used for Non-hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF healthcare cost Trend rates for ages 65 and older and Medicare Part B premiums increased from 5.00% to 5.25% and from 4.40% to 6.97%, respectively. The municipal bond index rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

In fiscal year 2022, for KERS, the healthcare trend rate for under age 65 decreased from 6.40% to 6.25% and for ages 65 and older the healthcare trend rate increased from 2.90% to 5.50%. The KERS salary increases for Hazardous changed from 3.55%–19.55% to 3.55%–20.05%. The KERS discount rates used for Non-hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, salary increases changed from 3.50%–7.20% to 3.00%–7.50%, the inflation rate decreased from 3.00% to 2.50%, real wage growth decreased from 0.50% to 0.25%, wage inflation decreased from 3.50% to 2.75%, and the municipal bond index rate decreased from 2.19% to 2.13%. The KTRS MIF healthcare cost trend rates for under age 65 and Ages 65 and older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B premiums decreased from 6.49% to 4.40%.

In fiscal year, 2021, for KERS, the healthcare trend rates for under age 65 and ages 65 and older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS municipal bond index rate decreased from 3.50% to 2.19%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B premiums increased from 2.63% to 6.49%. The KTRS LIF salary increases changed from 3.50%–7.45% to 3.50%–7.20%.

In fiscal year 2020, for KERS, the salary increases changed from 3.05% avg. to 3.55%–15.55% (Non-hazardous) and 3.55%–19.55% (hazardous). The KTRS municipal bond index rate decreased from 3.89% to 3.50%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 years to 30 years and the inflation rate increased from 3.00% to 3.50%.

**Western Kentucky University WKYU-FM Radio
Required Supplementary Information
Notes to Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023**

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*Employer contributions do not include the expected implicit subsidy.

Independent Accountant's Report

Board of Regents
WKYU-TV
Western Kentucky University
Bowling Green, Kentucky

We have examined management's assertion that WKYU-TV, a public broadcasting entity and an organizational unit of Western Kentucky University, prepared the Corporation for Public Broadcasting (CPB) Schedule of Nonfederal Financial Support (NFFS) of WKYU-TV and complied with CPB's fiscal year 2024 *Financial Reporting Guidelines* governing the amounts reported as NFFS during the year ended June 30, 2024. WKYU-TV's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the NFFS for the year ended June 30, 2024, is presented in accordance with (or based on) the aforementioned requirements, is fairly stated, in all material respects.

This report is intended solely for the information and use of the board of regents and management of WKYU-TV and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP


Louisville, Kentucky
January 9, 2025



Western Kentucky University WKYU-TV

Independent Auditor's Report, Financial Statements and Supplementary Information

June 30, 2024 and 2023



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Independent Auditor's Report

President Timothy C. Caboni
and Board of Regents
Western Kentucky University
Bowling Green, Kentucky

Opinion

We have audited the financial statements of WKYU-TV (the Station), a public broadcasting entity operated by Western Kentucky University (University), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2024 and 2023, and the changes in financial position 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Station, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only that portion of the business-type activities that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited), the Schedules of the Station's Proportionate Share of the Net Pension Liability, the Schedules of the Station's Pension Contributions, the Schedules of the Station's Proportionate Share of the Net OPEB Liability and the Schedules of the Station's OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Forvis Mazars, LLP

Louisville, Kentucky
January 9, 2025

**Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023**

Introduction

The following Management's Discussion and Analysis (MD&A) (Unaudited) provides an overview of the financial position and activities of WKYU-TV (the Station) as of and for the year ended June 30, 2024, with selected comparative information as of and for the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

The Station is located on the campus of Western Kentucky University (University). The Station broadcasts Public Broadcasting Service and local programs that inform, enrich and entertain in concert with the mission of the University. The Station's skilled staff, students and volunteers serve viewers with comprehensive music and information programs that reflect current affairs, history and cultures.

Fiscal Year 2024 Highlights

- The Station's net position decreased by \$543,659; 91.8%
- Operating revenues increased by \$334,850; 101.7% to \$664,100
- Operating expenses increased by \$1,922,404; 103.5%
- Nonoperating revenues increased by \$443,222; 20.8%

Governmental Accounting Standards

The MD&A, financial statements and accompanying notes are prepared in accordance with GASB pronouncements.

Statements of Net Position

The statements of net position present a financial picture of the Station's financial condition at the end of the fiscal year by reporting assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources and net position.

Assets

Total assets of the Station at the end of fiscal years 2024, 2023 and 2022 were \$3,106,902, \$3,182,740 and \$3,033,294, respectively, of which cash and net capital assets represented the largest portions. Cash and assets held by College Heights Foundation (Foundation) totaled \$2,711,542 or 87.3% of total assets at June 30, 2024, and net capital assets totaled \$264,142 or 8.5% of total assets at June 30, 2024. Cash and assets held by the Foundation totaled \$2,735,893 or 86.0% of total assets at June 30, 2023, and net capital assets totaled \$291,550 or 9.2% of total assets at June 30, 2023. Cash and assets held by the Foundation totaled \$2,608,615 or 86.0% of total assets at June 30, 2022, and net capital assets totaled \$233,802 or 7.7% of total assets at June 30, 2022.

Liabilities

Liabilities of the Station totaled \$4,254,966, \$3,830,997 and \$3,696,106 at June 30, 2024, 2023 and 2022, respectively, of which unearned revenue was \$1,590,239, \$1,512,724 and \$1,386,412 and represented 37.4%, 39.5% and 37.5% of total liabilities, respectively. Net pension, net other postemployment benefit (OPEB) and lease liabilities were \$2,566,687, \$2,228,358 and \$2,212,762 at June 30, 2024, 2023 and 2022, respectively and represented 60.4%, 58.2% and 59.9% of total liabilities, respectively.

Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Net Position (Deficit)

Net position (deficit) of the Station was (\$1,135,642), (\$591,983) and (\$1,192,656) at June 30, 2024, 2023 and 2022, respectively, and was divided into three major categories, defined as follows:

- *Net investment in capital assets* – This category represents the Station's equity in equipment and lease assets.
- *Restricted* – This category represents the Station's funds subject to externally imposed restrictions governing its use. The corpus of nonexpendable restricted resources is only available for investment purposes.
- *Unrestricted* – This category represents net positions held by the Station that have no formal restrictions placed upon them.

Condensed Statements of Net Position
June 30, 2024, 2023 and 2022

	2024	2023	2022
ASSETS			
Current assets	\$ 2,369,719	\$ 2,438,316	\$ 2,274,509
Assets held by the Foundation	364,124	316,728	361,608
Capital and leased assets, net	373,059	427,696	397,177
Total assets	3,106,902	3,182,740	3,033,294
Deferred Outflows of Resources			
Total deferred outflows of resources	406,262	383,081	366,284
Total assets and deferred outflows of resources	\$ 3,513,164	\$ 3,565,821	\$ 3,399,578
LIABILITIES			
Current liabilities	\$ 1,715,422	\$ 1,628,540	\$ 1,508,044
Noncurrent liabilities	2,539,544	2,202,457	2,188,062
Total liabilities	4,254,966	3,830,997	3,696,106
Deferred Inflows of Resources			
Total deferred inflows of resources	393,840	326,807	896,128
Net Position (Deficit)			
Net investment in capital assets	256,597	285,333	230,114
Restricted			
Non-expendable	201,045	174,771	199,356
Expendable	163,079	141,957	162,252
Unrestricted	(1,756,363)	(1,194,044)	(1,784,378)
Total net position (deficit)	(1,135,642)	(591,983)	(1,192,656)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 3,513,164	\$ 3,565,821	\$ 3,399,578

Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Statements of Revenues, Expenses and Change in Net Position

The statements of revenues, expenses, and changes in net position, which are generally referred to as the income statements, present the total revenues (operating and nonoperating) received and earned by the Station and expenses (operating and nonoperating) paid and owed by the Station and income or loss from operations for the fiscal year.

Revenues

Total operating revenues, which exclude University appropriations, of the Station for the fiscal years 2024, 2023 and 2022 were \$664,100, \$329,250 and \$337,850, respectively.

The Station received \$690,770, \$782,225 and \$802,191 during 2024, 2023 and 2022, respectively, of University appropriations and \$814,295, \$426,012 and \$624,981, during 2024, 2023 and 2022, respectively, of administrative support from the University, which are classified as nonoperating revenues. These funds were used to support Station operating activities.

Expenses

Total operating expenses of the Station for 2024, 2023 and 2022 were \$3,779,719, \$1,857,315 and \$2,470,148 respectively.

Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Condensed Statements of Revenues, Expenses and Change in Net Position
Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Revenue			
Operating revenues			
Business and industry underwriting	\$ 4,075	\$ 12,350	\$ 15,950
Production	660,025	316,900	321,900
Total operating revenues	664,100	329,250	337,850
Expenses			
Operating expenses			
Program services	1,592,273	1,436,430	1,585,517
Supporting services	2,120,809	349,604	811,215
Depreciation and amortization	66,637	71,281	73,416
Total operating expenses	3,779,719	1,857,315	2,470,148
Operating Loss	(3,115,619)	(1,528,065)	(2,132,298)
Nonoperating Revenues (Expenses)			
General appropriations from Western			
Kentucky University	690,770	782,225	802,191
Grants from Corporation for Public Broadcasting	868,379	707,992	768,414
Indirect administrative support	814,295	426,012	624,981
Interest expense on lease asset	(2,611)	(3,116)	(3,597)
Investment income	51,788	(40,615)	51,441
Miscellaneous income	149,339	256,240	469,993
Total nonoperating revenues	2,571,960	2,128,738	2,713,423
Change in Net Position	(543,659)	600,673	581,125
Net Position (Deficit), Beginning of Year	(591,983)	(1,192,656)	(1,773,781)
Net Position (Deficit), End of Year	\$ (1,135,642)	\$ (591,983)	\$ (1,192,656)

Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Statements of Cash Flows

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

The major sources of cash from operating activities were business and industry underwriting of \$4,075, \$12,350 and \$15,950 and production of \$660,025, \$316,900, and \$321,900 for fiscal years 2024, 2023, and 2022, respectively. The most significant uses of cash for operating activities were payments to employees of \$757,003, \$1,582,038 and \$1,410,126 and to suppliers of \$2,543,022, \$748,484 and \$1,338,437 for 2024, 2023, and 2022, respectively.

The cash flows from noncapital financing activities included \$1,505,065, \$1,208,237 and \$1,427,172 during 2024, 2023 and 2022, respectively, received as general appropriations and indirect support from the University and \$945,894, \$834,304 and \$815,134 received during 2024, 2023 and 2022, respectively, from the Corporation for Public Broadcasting (CPB), which are the largest sources of cash for these fiscal years.

The cash flows from capital and related financing activities included \$12,000, \$101,800, and \$103,044 paid for capital assets during fiscal years 2024, 2023 and 2022, respectively.

The cash flows from investing activities recognize the cash flows from proceeds from sales and maturities of investments and interest and dividends receipts.

Condensed Statements of Cash Flows
Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Net cash used in operating activities	\$ (2,635,925)	\$ (2,001,272)	\$ (2,410,713)
Net cash provided by noncapital financing activities	2,600,298	2,298,781	2,541,433
Net cash used in capital and related activities	(40,512)	(129,616)	(130,182)
Net cash provided by (used in) investing activities	4,392	4,265	(2,595)
(Decrease) Increase in Cash	(71,747)	172,158	(2,057)
Cash, Beginning of Year	2,419,165	2,247,007	2,249,064
Cash, End of Year	\$ 2,347,418	\$ 2,419,165	\$ 2,247,007

Western Kentucky University WKYU-TV
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2024 and 2023

Capital and Lease Assets

As of June 30, 2024, 2023 and 2022, respectively, the Station had \$264,142, \$291,550 and \$233,802 of net investment in capital assets consisting of equipment. As of June 30, 2024, 2023, and 2022, respectively, the Station had \$108,917, \$136,146 and \$163,375 lease assets. Capital and lease assets at June 30, 2024, 2023 and 2022, are summarized below:

	2024	2023	2022
Equipment	\$ 7,562,113	\$ 7,550,113	7,622,583
Less accumulated depreciation	(7,297,971)	(7,258,563)	(7,388,781)
Capital Assets, Net	\$ 264,142	\$ 291,550	\$ 233,802
Lease assets	\$ 190,604	\$ 190,604	\$ 190,604
Accumulated amortization	(81,687)	(54,458)	(27,229)
Lease Assets, Net	\$ 108,917	\$ 136,146	\$ 163,375

Economic Factors Impacting Future Periods

The following are known facts and circumstances that may affect the future financial viability of the Station:

Due to the large amount of investments that are held by the College Heights Foundation, the Station has to consider the fluctuations in the market. Realized and unrealized losses within these accounts can have an effect on operations.

Requests for Information

This financial report is designed to provide a general overview of Western Kentucky University's Public Radio and Television finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jordan Basham, Interim Executive Director of Public Media, Western Kentucky University, Academic Complex 153A, 1906 College Heights Boulevard, Bowling Green, Kentucky 42101. You may also contact Jordan Basham via email at jordan.basham@wku.edu or via phone at 270.745.6140.

Western Kentucky University WKYU-TV
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash on deposit with University and Foundation	\$ 2,347,418	\$2,419,165
Prepaid expenses	22,301	19,151
Total current assets	2,369,719	2,438,316
Noncurrent Assets		
Assets held by Foundation	364,124	316,728
Capital assets	7,562,113	7,550,113
Accumulated depreciation	(7,297,971)	(7,258,563)
Lease assets	190,604	190,604
Accumulated amortization	(81,687)	(54,458)
Total noncurrent assets	737,183	744,424
Total assets	3,106,902	3,182,740
Deferred Outflows of Resources		
Deferred outflows – KTRS Pension	159,080	157,575
Deferred outflows – KERS Pension	116,592	58,451
Deferred outflows – KTRS OPEB	89,053	128,734
Deferred outflows – KERS OPEB	41,537	38,321
Total deferred outflows of resources	406,262	383,081
Total assets and deferred outflows of resources	\$ 3,513,164	\$ 3,565,821

Western Kentucky University WKYU-TV
Statements of Net Position
June 30, 2024 and 2023

(Continued)

	2024	2023
LIABILITIES		
Current Liabilities		
Accrued payroll	\$ 54,440	\$ 52,180
Accrued vacation	38,725	37,735
Accounts payable	4,875	-
Lease liability	27,143	25,901
Unearned revenue	1,590,239	1,512,724
Total current liabilities	1,715,422	1,628,540
Noncurrent Liabilities		
Net pension liability – KTRS	773,087	808,032
Net pension liability – KERS	1,450,224	899,473
Net OPEB liability – KTRS	147,586	220,495
Net OPEB liability – KERS	79,328	157,995
Lease liability	89,319	116,462
Total noncurrent liabilities	2,539,544	2,202,457
Total liabilities	4,254,966	3,830,997
Deferred Inflows of Resources		
Deferred inflows – KTRS Pension	60,681	153,983
Deferred inflows – KERS Pension	61,956	10,507
Deferred inflows – KTRS OPEB	106,140	123,307
Deferred inflows – KERS OPEB	165,063	39,010
Total deferred inflows of resources	393,840	326,807
Net Position (Deficit)		
Net investment in capital assets	256,597	285,333
Restricted		
Non-expendable	201,045	174,771
Expendable	163,079	141,957
Unrestricted	(1,756,363)	(1,194,044)
Total net position (deficit)	(1,135,642)	(591,983)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 3,513,164	\$ 3,565,821

Western Kentucky University WKYU-TV
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Operating revenues		
Business and industry underwriting	\$ 4,075	\$ 12,350
Production	660,025	316,900
	<u>664,100</u>	<u>329,250</u>
Expenses		
Operating expenses		
Program services		
Programming and production	1,266,361	1,190,542
Broadcasting	312,155	232,172
Program information and promotion	13,757	13,716
	<u>1,592,273</u>	<u>1,436,430</u>
Supporting services		
Management and general	1,976,854	224,655
Fundraising	97,969	113,721
Underwriting	45,986	11,228
	<u>2,120,809</u>	<u>349,604</u>
Depreciation and amortization	<u>66,637</u>	<u>71,281</u>
Total operating expenses	<u>3,779,719</u>	<u>1,857,315</u>
Operating Loss	<u>(3,115,619)</u>	<u>(1,528,065)</u>
Nonoperating Revenues (Expenses)		
General appropriations from Western Kentucky University	690,770	782,225
Grants from Corporation for Public Broadcasting	868,379	707,992
Indirect administrative support	814,295	426,012
Subscriptions and memberships	48,892	49,593
Interest expense on lease asset	(2,611)	(3,116)
Investment income	51,788	(40,615)
Miscellaneous income	100,447	206,647
	<u>2,571,960</u>	<u>2,128,738</u>
Change in Net Position	(543,659)	600,673
Net Position (Deficit), Beginning of Year	<u>(591,983)</u>	<u>(1,192,656)</u>
Net Position (Deficit), End of Year	<u>\$ (1,135,642)</u>	<u>\$ (591,983)</u>

Western Kentucky University WKYU-TV
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Business and industry underwriting received	\$ 4,075	\$ 12,350
Production revenue received	660,025	316,900
Payments to employees	(757,003)	(1,582,038)
Payments to suppliers	(2,543,022)	(748,484)
Net cash used in operating activities	<u>(2,635,925)</u>	<u>(2,001,272)</u>
Cash Flows from Noncapital Financing Activities		
General appropriations and indirect support from Western Kentucky University	1,505,065	1,208,237
Grants from Corporation for Public Broadcasting	945,894	834,304
Subscriptions and memberships	48,892	49,593
Other noncapital financing activities	100,447	206,647
Net cash provided by noncapital financing activities	<u>2,600,298</u>	<u>2,298,781</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(12,000)	(101,800)
Principal payments on lease liability	(25,901)	(24,700)
Interest paid on lease liability	(2,611)	(3,116)
Net cash used in capital and related financing activities	<u>(40,512)</u>	<u>(129,616)</u>
Cash Flows from Investing Activities		
Net purchases and sales on investments	(2,702)	(2,394)
Interest and dividends	7,094	6,659
Net cash provided by investing activities	<u>4,392</u>	<u>4,265</u>
Increase (Decrease) in Cash	<u>(71,747)</u>	<u>172,158</u>
Cash, Beginning of Year	<u>2,419,165</u>	<u>2,247,007</u>
Cash, End of Year	<u><u>\$ 2,347,418</u></u>	<u><u>\$ 2,419,165</u></u>
Reconciliation of Operating Loss to Net Cash Flows Used in Operating Activities		
Operating loss	\$ (3,115,619)	\$ (1,528,065)
Depreciation and amortization	66,637	71,281
Changes in operating assets and liabilities		
Prepaid expenses	(3,150)	8,351
Deferred outflows of resources	(23,181)	(16,797)
Deferred inflows of resources	67,033	(569,321)
Net pension liability	515,806	(20,935)
Net OPEB liability	(151,576)	61,231
Accounts payable	4,875	-
Accrued expenses	3,250	(7,017)
Net cash flows used in operating activities	<u><u>\$ (2,635,925)</u></u>	<u><u>\$ (2,001,272)</u></u>
Noncash Investing, Capital and Financing Activities		
Unrealized gain (loss) on investments	\$ 33,837	\$ (49,927)

Note 1. Nature of Operations

WKYU-TV (the Station) is a public television station operated by and receiving support from Western Kentucky University (University), Bowling Green, Kentucky. The Station is not considered a component unit but rather an operating unit of the University and its financial activity is included in the financial statements of the University.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity wide perspective of the Station's assets, liabilities, deferred outflows and inflows, net position, revenues, expenses, changes in net position and cash flows. The Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The financial statements of the Station are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the activities of the University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions, pledges and grants are recorded as revenue in the accompanying statements of revenues, expenses and change in net position. In-kind contributions, other than the contribution from the University, are recognized as revenue at the estimated fair value at the date of the gift.

The portion of the University's indirect costs attributable to the Station's operations and the value of space provided for broadcast facilities are included as revenues and expenses and are computed in accordance with guidelines established by the CPB. Total indirect support from the University for the years ended June 30, 2024 and 2023, was \$814,295 and \$426,012, respectively.

Expenses

When an expense is incurred for which both restricted and unrestricted resources are available, the Station's policy is to allow for the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Classification of Revenues

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

- Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as business and industry underwriting.
- Nonoperating revenues – Nonoperating revenues includes activities that have the characteristics of nonexchange transactions, such as (1) college appropriations, (2) most federal, state, and local grants and contracts, and (3) gifts and contributions.

Cash on Deposit with the University and College Heights Foundation

For administrative purposes, cash balances of the Station are included in bank accounts maintained by the University and the College Heights Foundation, Inc. Details of accounting transactions affecting cash are maintained by each entity.

Effective January 1, 2023, WKU Foundation, Inc. was merged into College Heights Foundation, Inc. (Foundation) as part of the WKU Foundation's strategy to eliminate donor confusion, streamline efforts, and create economic efficiencies. As College Heights and WKU Foundation were both charitable organizations designated by the University, this transaction was considered a merger in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958). As of June 30, 2023, investments were held by the WKU Foundation.

The University currently uses commercial banks and the Commonwealth of Kentucky (Commonwealth) as depositories. Deposits with commercial banks are covered by federal depository insurance or collateral held by the University's agent in the University's name. At the Commonwealth level, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth's agent in the Commonwealth's name.

The Foundation's cash is on deposit with commercial banks and is federally insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC).

Assets Held by Foundation and Investment Income

The Station accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset and is not allocated to functional expense categories. Equipment with an estimated useful life of greater than one year and a cost of \$5,000 is capitalized and depreciated with one-half year's depreciation taken during the year of purchase or donation. Construction-in-progress is capitalized when incurred. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred or when the project was closed and are identified as projects less than \$100,000. The Station continues to track equipment with a cost of \$500 or more for insurance purposes consistent with applicable Kentucky Revised Statutes but does not capitalize items at these lower thresholds. The following estimated useful lives are being used by the Station:

Buildings and building improvements	15 to 40 years
Furniture, fixtures and equipment	3 to 15 years
Land improvements and infrastructure	20 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital and Lease Asset Impairment

The Station evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or lease asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended June 30, 2024 or 2023.

Deferred Outflows of Resources

The Station reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its statements of net position.

Unearned Revenue

Unearned revenue includes grant funding received from the CPB that has not been expended at the end of the fiscal year. CPB provides funds to the Station at the beginning of a funding period. Thus, any unspent CPB funds at the end of the fiscal year are recorded as unearned revenue until qualifying expenses have been incurred.

Deferred Inflows of Resources

The Station reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statements of net position.

Net Position

The Station's net position is classified as follows:

Net Investment in Capital Assets: This represents the Station's total investment in capital and lease assets, net of accumulated depreciation and amortization and outstanding debt and lease liabilities related to those capital and lease assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position – Non-expendable: Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position: Unrestricted net position represents resources derived from underwriting fees. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

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 the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Assets Held by the Foundation

Assets held by the Foundation as of June 30, 2024 and 2023, consisted of cash equivalents, common equity, fixed income and mutual funds. The fair value of the assets held by the Foundation are \$364,124 and \$316,728 at June 30, 2024 and 2023, respectively.

Fair Value Measurements: The Station categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Station has the following recurring fair value measurements as of June 30, 2024 and 2023:

- Assets held by the Foundation of \$364,124 and \$316,728, which are valued at net asset value (NAV). There are no unfunded commitments and funds can be redeemed on a daily basis. The investment strategy is a long-term growth strategy and the underlying funds in the trust include cash, common stock, mutual funds, and fixed income securities.

Interest Rate Risk: The Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, bond resolutions govern the investment of bond reserves.

Credit Risk: The Station's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Station's investment policy allows investments in U.S. Agency securities if such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services.

The Station did not have any investment in debt securities as of June 30, 2024 and 2023. Therefore, the Station is not considered to have credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Station will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Station's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Station investment. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Station is fully collateralized as of June 30, 2024 and 2023.

Concentration of Credit Risk: The Commonwealth places no limit on the amount the Station may invest in any one issuer.

Investment income for the years ended June 30, 2024 and 2023, consisted of:

	2024	2023
Interest income, including interest earned on cash equivalents	\$ 7,094	\$ 6,659
Net change in fair value of investments and assets held by the Foundation	44,694	(47,274)
	<u>\$ 51,788</u>	<u>\$ (40,615)</u>

Note 4. Capital Assets and Lease Assets

Capital assets consist of equipment. Capital assets activity for the years ended June 30, 2024 and 2023, was:

	2024		
	Beginning Balance	Additions	Ending Balance
Equipment	\$ 7,550,113	\$ 12,000	\$ 7,562,113
Less accumulated depreciation	(7,258,563)	(39,408)	(7,297,971)
Capital assets, net	<u>\$ 291,550</u>	<u>\$ (27,408)</u>	<u>\$ 264,142</u>

	2023		
	Beginning Balance	Additions	Ending Balance
Equipment	\$ 7,622,583	\$ 101,800	\$ 7,550,113
Less accumulated depreciation	(7,388,781)	(44,052)	(7,258,563)
Capital assets, net	<u>\$ 233,802</u>	<u>\$ 57,748</u>	<u>\$ 291,550</u>

Changes in lease assets for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024		
	Beginning Balance	Additions	Ending Balance
Lease assets	\$ 190,604	\$ -	\$ 190,604
Less accumulated depreciation	(54,458)	(27,229)	(81,687)
Lease assets, net	<u>\$ 136,146</u>	<u>\$ (27,229)</u>	<u>\$ 108,917</u>

	2023		
	Beginning Balance	Additions	Ending Balance
Lease assets	\$ 190,604	\$ -	\$ 190,604
Less accumulated depreciation	(27,229)	(27,229)	(54,458)
Lease assets, net	<u>\$ 163,375</u>	<u>\$ (27,229)</u>	<u>\$ 136,146</u>

Western Kentucky University WKYU-TV
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Lease Liability

The following is a summary of long-term lease obligation transactions for the Station for the years ended June 30, 2024 and 2023:

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	\$ 142,363	\$ -	\$ (25,901)	\$ 116,462	\$ 27,143

The Station leases certain real estate and equipment, the terms of which expire in various years through 2027. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of future minimum payments under the leases as of June 30, 2024:

Year Ending	Principal	Interest
2025	\$ 27,143	\$ 2,081
2026	28,428	1,527
2027	29,758	946
2028	31,133	338
2029	-	-
Thereafter	-	-
	<u>\$ 116,462</u>	<u>\$ 4,892</u>

Note 6. Natural and Functional Classifications of Operating Expenses

The Station's operating expenses by natural classification were as follows:

	2024			
	Compensation and Benefits	Other	Depreciation and Amortization	Total
Program and supporting services	\$ 1,168,335	\$ 2,544,749	\$ -	\$ 3,713,084
Depreciation and amortization	-	-	66,637	66,637
Total operating expenses	<u>\$ 1,168,335</u>	<u>\$ 2,544,749</u>	<u>\$ 66,637</u>	<u>\$ 3,779,721</u>

Western Kentucky University WKYU-TV
Notes to Financial Statements
June 30, 2024 and 2023

	2023			
	Compensation and Benefits	Other	Depreciation	Total
Program and supporting services	\$ 1,029,199	\$ 756,835	\$ -	\$ 1,786,034
Depreciation	-	-	71,281	71,281
Total operating expenses	<u>\$ 1,029,199</u>	<u>\$ 756,835</u>	<u>\$ 71,281</u>	<u>\$ 1,857,315</u>

Note 7. Risk Management

The Station and University are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, employee health and certain natural disasters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

In 2006, the University opted out of the Kentucky public entity risk pool and began self-insuring workers' compensation claims. The University contracts with a third-party administrator for administration services related to workers' compensation claims.

Note 8. Defined Benefit Pension and Other Postemployment Benefit (OPEB) Plans

Employees of the University are covered by one of three pension plans: the Optional Retirement Plan, the Kentucky Employees' Retirement System (KERS) Plan, and the Kentucky Teachers Retirement System (KTRS) Plan.

Optional Retirement Plan

Plan Description: University faculty and administrative staff hired after July 1, 1996, have the option of participating in the Optional Retirement Program, a defined contribution pension plan. The plan is administered by one of three providers chosen by the employee. The plan provides retirement benefits to plan members. Benefit provisions are contained in the plan document and were established and may be amended by action of the Commonwealth.

For the years ended June 30, 2024 and 2023, contribution rates for plan members and the University expressed as a percentage of covered payrolls were 6.16% and 8.74%, respectively. Of the University's 8.74% contribution, 0.00% is paid to KTRS for unfunded liabilities.

The University's contributions to the Optional Retirement Program on behalf of the Station for the years ended June 30, 2024 and 2023, were \$16,349 and \$10,026, respectively. Station employees' contributions to the Optional Retirement Program for the years ended June 30, 2024 and 2023, were \$11,523 and \$7,067, respectively.

Kentucky Employees Retirement System

Plan Description: The University contributes to the KERS, a cost-sharing, multiple-employer defined benefit pension plan and OPEB plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the board of trustees ("KPPA Board") of KPPA administers the KERS, County Employees Retirement System and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630.

KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of KERS and additions to/deductions from KERS's fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of the plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/13	Tier 3 Participation 1/1/2014
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	Five complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	

Western Kentucky University WKYU-TV
Notes to Financial Statements
June 30, 2024 and 2023

Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.
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OPEB Benefits Provided: The information below summarizes the major retirement benefit provisions of the plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, nonduty death in service and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and nonduty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KPPA Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KPPA Board.

For the fiscal years ended June 30, 2024 and 2023, participating employers in the plan contributed 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB), as set by KPPA, of each employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investments earnings.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$11,172,430 (\$9,034,821 related to pension and \$2,137,609 related to OPEB) and \$11,188,447 (\$9,029,608 related to pension and \$2,158,839 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. The OPEB contribution amount does not include the implicit subsidy of \$220,683 and \$470,563 for the fiscal years ended June 30, 2024 and 2023, respectively. Contributions related to the Station were \$123,913 (\$97,188 related to pension and \$26,725 to OPEB) for the year ended June 30, 2024 and \$70,077 (\$54,964 related to pension and \$15,113 related to OPEB) for the year ended June 30, 2023.

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Members whose participation began before 9/1/2008:

Contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and, per statute, shall not be less than 2.0%. Members are entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Contributions equal 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account; however, the 1% contributed to the insurance fund is nonrefundable.

Members whose participation on or after 1/1/2014:

Contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account; however, the 1% contributed to the insurance fund is nonrefundable.

Pension Information

Total Pension Liability: The total pension liability was determined by an actuarial valuation measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30%
Salary increases	3.30% to 15.30%
Amortization period	30 years, closed
Investment rate of return	5.25%

June 30, 2022

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30%
Salary increases	3.30% to 15.30%
Amortization period	30 years, closed
Investment rate of return	5.25%

The mortality table used for active members is Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013–2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is Pub-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 5.25% for both June 30, 2023 and June 30, 2022.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination does not use a municipal bond rate.
- (e) **Periods of Projected Benefit Payments:** The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.
- (f) **Assumed Asset Allocation:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	32.50%	5.90%
Private Equity	7.00%	11.73%
Fixed Income		
Core Bonds	20.50%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	5.00%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 5.25% based on a blending of the factors described above.

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2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
Public Equity	32.50%	4.45%
Private Equity	7.00%	10.15%
Fixed Income		
Core Bonds	20.50%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	5.00%	(0.91%)
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	10.00%	4.07%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 5.25% based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Station's allocated portion of the net pension liability of the System, calculated using the discount rate of 5.25%, as well as what the Station's allocated portion of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.25%) or one-percentage-point higher (6.25%) than the current rate:

	2024		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Station's net pension liability	<u>\$ 1,666,881</u>	<u>\$ 1,450,224</u>	<u>\$ 1,270,680</u>
	2023		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Station's net pension liability	<u>\$ 1,034,541</u>	<u>\$ 899,473</u>	<u>\$ 788,258</u>

Employer's Portion of the Collective Net Pension Liability: The Station's proportionate share of the net pension liability at June 30, 2024 and 2023, is \$1,450,224, or approximately 0.0118% and \$899,473, or approximately 0.0068%, respectively. The net pension liabilities were distributed based on the employers' covered payroll provided for the measurement period ended June 30, 2023 and 2022, respectively, and actual employer contributions to the plan for the measurement period ended June 30, 2022 and 2021, respectively.

Measurement Date: June 30, 2022 and 2021, are the actuarial valuation dates and June 30, 2023 and 2022, are the measurement dates upon which the total pension liability is based.

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Changes in Assumptions and Benefit Terms: The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022".

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plan, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Pension Expense: The Station was allocated pension expense of \$5,015 and \$31,688 related to the KERS plan for the years ended June 30, 2024 and 2023, respectively.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense they are labeled as deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the measurement date include:

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	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,930	\$ 18	\$ -	\$ 1,054
Change of assumptions	-	39,849	-	-
Change in proportion and differences between employer contributions and proportionate shares of contributions	-	22,089	-	9,453
Net differences between expected and actual investment earnings on plan investments	1,475	-	3,486	-
	19,405	61,956	3,486	10,507
Contributions subsequent to the measurement date	97,187	-	54,965	-
Total	\$ 116,592	\$ 61,956	\$ 58,451	\$ 10,507

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$97,187 will be recognized as a reduction of net pension liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year Ending June 30	
2025	\$ (45,181)
2026	(2,693)
2027	6,488
2028	(1,165)
	<u>\$ (42,551)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued pension plan financial reports.

OPEB Information

Total OPEB Liability: The total OPEB liability was measured as of June 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30%–15.30%
Investment rate of return	6.25%
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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The mortality table used for active members is PUB-2010 General Mortality Table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

June 30, 2022

Actuarial valuation date	June 30, 2021
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30%–15.30%
Investment rate of return	6.25%
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The mortality table used for active members is Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table base on mortality experience from 2013–2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is Pub-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 5.94%, which was an increase from the 5.72% discount rate used in the prior year. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination used a municipal bond rate of 3.86% and 3.69% as of June 30, 2023 and 2022, respectively as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023 and 2022, respectively.

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- (e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (f) **Assumed Asset Allocations:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2023 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	15.00%	3.65%
Cash	1.50%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KPPA Board at 8.06% based on a blending of the factors described above.

2022 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	43.50%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	15.00%	2.28%
Cash	1.50%	(0.91%)
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	10.00%	4.07%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board at 6.25% based on a blending of the factors described above.

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(g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents the Station's allocated portion of the net OPEB liability of the System, calculated using the discount rate of 5.94%, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.94%) or one-percentage-point higher (6.94%) than the current rate:

	2023		
	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
Station's net OPEB liability	\$ 106,689	\$ 79,328	\$ 56,319

	2022		
	1% Decrease (4.72%)	Current Discount Rate (5.72%)	1% Increase (6.72%)
Station's net OPEB liability	\$ 189,148	\$ 157,995	\$ 129,326

The following presents the Station's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the Station's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2023		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 58,153	\$ 79,328	\$ 104,961

	2022		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability	\$ 129,898	\$ 157,995	\$ 188,169

Employer's Portion of the Collective OPEB Liability: The Station's proportionate share of the Non-hazardous net OPEB liability at June 30, 2024 and 2023, is \$79,328, or approximately 0.01%, and \$157,995, or approximately 0.0071%. The net OPEB liabilities were distributed based on the 2023 and 2022 actual employer contributions to the plan.

Measurement Date: June 30, 2022 and 2021, the actuarial valuation dates and June 30, 2023 and 2022, are the measurement dates upon which the total OPEB liability is based.

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Changes in Assumptions and Benefit Terms: The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". Additionally, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the KERS non-hazardous insurance plan.

House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plan, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The Station was allocated OPEB income of \$66,937 and \$5,320 related to the KERS Non-hazardous Plan for the years ended June 30, 2024 and 2023, respectively.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the measurement date include:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 107,880	\$ 3,850	\$ 12,655
Changes of assumptions	7,762	8,757	8,881	10,482
Change in proportion and differences between employer contributions and proportionate shares of contributions	4,322	48,426	4,100	15,873
Net difference between projected and actual earnings on OPEB plan investments	15	-	3,224	-
	12,099	165,063	20,055	39,010
Station contributions subsequent to the measurement date	29,438	-	18,266	-
Total	\$ 41,537	\$ 165,063	\$ 38,321	\$ 39,010

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Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$29,438 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year Ending June 30	
2025	\$ (69,313)
2026	(61,927)
2027	(20,793)
2028	(931)
	<hr/>
	\$ (152,964)
	<hr/>

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB plan financial reports.

Kentucky Teachers' Retirement System

Plan Description: All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System (KTRS), a cost-sharing multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service.

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling 502.573.3266, or visiting the website at <http://trs.ky.gov>.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of the KTRS and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Pension Plan Information

Pension Benefits Provided: The information on the following page summarizes the major retirement benefit provisions of the KTRS plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Covered Employees	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula	Final Compensation X Benefit Factor X Years of Service	

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Final Compensation	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.
Benefit Factor	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA)	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees (KTRS Board) . The retired member pays premiums in excess of the monthly supplement.	

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Contributions: Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2024 and 2023, University employees were required to contribute 8.185% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865% (13.010% allocated to pension, 2.775% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after July 1, 2008 and 9.775% (7.695% allocated to pension, 2.000% allocated to medical insurance and 0.080% allocated to life insurance) of covered payroll for plan members hired on or after January 1, 2022 for the fiscal years ended June 30, 2024 and 2023. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total contributions by the Plan were \$7,010,874 (\$5,735,147 related to pension and \$1,275,727 related to OPEB) and \$6,943,857 (\$5,686,652 related to pension and \$1,257,205 related to OPEB) for the years ended June 30, 2024 and 2023, respectively. In addition, the Commonwealth contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$6,317,157 and \$7,242,560 for the years ending June 30, 2024 and 2023. Contributions related to the Station were \$64,161 (\$52,762 related to pension and \$11,399 related to OPEB) and \$73,916 (\$60,851 related to pension and \$13,065 related to OPEB) for the years ended June 30, 2024 and 2023, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2024 and 2023, the Station reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the Station by the Commonwealth. The amount recognized by the Station as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Station were as follows:

	<u>2024</u>	<u>2023</u>
Station's proportionate share of the net pension liability	\$ 773,087	\$ 808,032
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the Station	<u>859,881</u>	<u>1,050,053</u>
Total	<u>\$ 1,632,968</u>	<u>\$ 1,858,085</u>

The net pension liability was measured as of June 30, 2024 and 2023. The Station's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2024 and 2023, respectively, the Station's proportion was 0.0043% and 0.0046% and the Commonwealth's proportion associated with the Station was 0.0048% and 0.0059%, respectively.

For the years ended June 30, 2024 and 2023, the Station recognized pension expense (income) of \$133,949 and \$(122,936) and revenue of \$98,232 and \$22,266, respectively. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (9,471)	\$ -	\$ (28,054)	\$ -
Changes of assumptions	37,238	-	73,290	-
Net difference between projected and actual earnings on OPEB plan investments	19,290	-	51,492	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	59,260	60,681	-	153,983
	106,317	60,681	96,728	153,983
Contributions subsequent to the measurement date	52,763	-	60,847	-
Total	\$ 159,080	\$ 60,681	\$ 157,575	\$ 153,983

At June 30, 2024 and 2023, the Station reported \$52,763 and \$60,847, respectively, as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2024, related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2025	\$ 5,558
2026	(12,117)
2027	56,053
2028	(3,858)
	<u>\$ 45,636</u>

Actuarial assumptions: The total pension liability was determined by actuarial valuations as of June 30, 2022 and 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.50%
Salary Increases	3.00%–7.50%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the Pub2010 Mortality Table, projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used in the June 30, 2022 and 2021, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2020, adopted by the KTRS Board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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The long-term expected return on the plan 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

2022 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1%)
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3%)
Total	100.0%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date: There were no changes since the prior measurement date.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the Station reporting date that are expected to have a significant effect on the Station's proportionate share of the collective net pension liability.

Discount Rate: The discount rate used to measure the total pension liability at June 30, 2024 and 2023, was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

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Based on those assumptions, the pension plan's fiduciary net position was 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 the Station's proportionate share of the net pension liability to changes in the discount rate:

The following table presents the net pension liability of the Station as of June 30, 2024 and 2023, calculated using the discount rate of 7.10%, as well as what the Station's net pension liability (in thousands) would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

		2024		
		1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of the collective net pension liability		\$ 994,326	\$ 773,087	\$ 590,177
		2023		
		1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of the collective net pension liability		\$ 1,032,499	\$ 808,032	\$ 622,754

Medical Insurance Plan

Plan Description: In addition to the OPEB benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS medical insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the KTRS Board, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided: To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions, three quarters percent (.75%) from state appropriation, and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2024 and 2023, the Station reported a liability of \$144,284 and \$216,354, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the Station's proportion was 0.0059% and 0.0079%, respectively.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023, that was associated with the Station were as follows:

	2024	2023
Station's proportionate share of the net OPEB liability	\$ 144,284	\$ 216,354
State's proportionate share of the net OPEB liability associated with the Station	68,430	13,589
Total	<u>\$ 212,714</u>	<u>\$ 229,943</u>

For the years ended June 30, 2024 and 2023, respectively, the Station recognized OPEB income of \$(2,282) and \$(5,810) and revenue (expense) of \$6,366 and (\$578) for support provided by the Commonwealth. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2024	2023	2024	2023
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 48,907	\$ -	\$ 90,939
Change of assumptions	32,798	-	43,934	-
Net difference between projected and actual earnings on investments	2,696	-	11,503	-
Change in proportionate share of contributions	41,133	56,074	58,647	30,688
	<u>76,627</u>	<u>104,981</u>	<u>114,084</u>	<u>121,627</u>
Contributions subsequent to the measurement date	11,399	-	13,070	-
Total	<u>\$ 88,026</u>	<u>\$ 104,981</u>	<u>\$ 127,154</u>	<u>\$ 121,627</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$11,399 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

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Year Ending June 30	
2025	\$ (13,478)
2026	(10,957)
2027	672
2028	1,095
2029	(2,042)
Thereafter	(3,644)
	<hr/>
	\$ (28,354)
	<hr/>

Actuarial Assumptions: The total OPEB liability measured at June 30, 2023 and 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.66%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

June 30, 2022

Actuarial valuation date	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Under 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

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The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 and 2020, valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2020, adopted by the KTRS Board on September 20, 2021.

The remaining actuarial assumptions, e.g., initial per capita costs, healthcare cost trends, used in the June 30, 2022, valuations were based on a review of recent plan experience done concurrently with the June 30, 2022, valuation. The healthcare cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected return on OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	100.0%	

2022 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1%)
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	1.0%	(0.3%)
Total	100.0%	

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Discount Rate: The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Station's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rates:

The following table presents the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

	2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability (MI)	\$ 185,582	\$ 144,284	\$ 110,152
	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability (MI)	\$ 271,448	\$ 216,354	\$ 170,740

Sensitivity of the Station's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates: The following presents the Station's proportionate share of the collective net OPEB liability, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	2024		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability (MI)	\$ 103,877	\$ 144,284	\$ 194,608
	2023		
	1% Decrease	Current Trend Rate	1% Increase
Station's net OPEB liability (MI)	\$ 162,191	\$ 216,354	\$ 283,711

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OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KTRS financial report.

Changes of Benefit Terms: There were no changes in benefit terms for the year ending June 30, 2024. For the year ending June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023.

In fiscal year 2024, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older increased from 5.125% to 6.75%, and Medicare Part B Premiums decreased from 6.97% to 1.55%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and Older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

Life Insurance Plan

Plan Description: KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS life insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the KTRS Board and the General Assembly.

Benefits Provided: KTRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. KTRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions: In order to fund the post-retirement life insurance benefit, four hundredths of one percent (.04%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2024 and 2023, the Station reported a liability of \$3,302 and \$4,141, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 and 2022, the Station's proportion was 0.012% and 0.013%, respectively.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2024 and 2023, that was associated with the Station were as follows:

	2024	2023
Station's proportionate share of the net OPEB liability	\$ 3,302	\$ 4,141
State's proportionate share of the net OPEB liability associated with the Station	-	-
Total	<u>\$ 3,302</u>	<u>\$ 4,141</u>

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For the years ended June 30, 2024 and 2023, respectively, the Station recognized OPEB expense of \$267 and \$332 and revenue of \$138 and \$171 for support provided by the Commonwealth. At June 30, 2024 and 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37	\$ 377	\$ 64	\$ 492
Changes of assumptions	-	377	-	546
Net difference between projected and actual earnings on OPEB plan investments	589	-	1,134	-
Changes in proportion and differences between Station contributions and proportionate share of contributions	63	405	-	642
	689	1,159	1,198	1,680
Station contributions subsequent to the measurement date	338	-	382	-
Total	\$ 1,027	\$ 1,159	\$ 1,580	\$ 1,680

Of the total amount reported as deferred outflows of resources related to OPEB, \$338 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

Year Ending June 30	
2025	\$ (202)
2026	(202)
2027	212
2028	(258)
2029	(28)
Thereafter	8
	<u>\$ (470)</u>

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Actuarial Assumptions: The total OPEB liability measured at June 30, 2023 and 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2023

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	24 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%

June 30, 2022

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022, valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2022, adopted by the KTRS Board on September 20, 2021.

The remaining actuarial assumptions, e.g., initial per capita costs, healthcare cost trends, used in the June 30, 2022, valuation were based on a review of recent plan experience done concurrently with the June 30, 2022, valuation. The healthcare cost trend assumption was updated for the June 30, 2022, valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected return on OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

2023 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

2022 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1%)
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	(0.3%)
Total	100.0%	

Discount rate: The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Station's proportionate share of the net OPEB liability to changes in the discount rate: The following table presents the Station's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the Station's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

Western Kentucky University WKYU-TV
Notes to Financial Statements
June 30, 2024 and 2023

	2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability (LI)	\$ 5,318	\$ 3,302	\$ 1,674
	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability (LI)	\$ 6,399	\$ 4,141	\$ 2,311

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

Changes of benefit terms: There were no changes in benefit terms for the year ended June 30, 2024. For the year ended June 30, 2023, a new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ended June 30, 2023.

As discussed above, the KTRS OPEB benefits include a medical insurance plan and a life insurance plan.

	2024	2023
Medical insurance plan	\$ 144,284	\$ 216,354
Life insurance plan	3,302	4,141
KTRS OPEB Liability	\$ 147,586	\$ 220,495

Required Supplementary Information

Western Kentucky University WKYU-TV
Required Supplementary Information
Schedules of the Station's Proportionate Share of the Net Pension Liability
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016
KERS									
Station's proportion of the net pension liability	0.012%	0.007%	0.007%	0.007%	0.007%	0.008%	0.007%	0.007%	0.006%
Station's proportionate share of the net pension liability	\$ 1,450,224	\$ 899,473	\$ 838,618	\$ 1,030,051	\$ 1,035,238	\$ 1,129,399	\$ 973,810	\$ 765,435	\$ 603,147
Station's covered payroll	\$ 98,089	\$ 85,404	\$ 101,753	\$ 84,083	\$ 92,235	\$ 90,390	\$ 78,185	\$ 89,844	\$ 129,108
Station's proportionate share of the net pension liability as a percentage of its covered payroll	1,478.48%	1,053.20%	824.17%	1,225.04%	1,122.39%	1,249.47%	1,245.52%	851.96%	467.16%
Plan fiduciary net position as a percentage of the total pension liability	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.30%	14.80%	18.83%
KTRS									
Station's proportion of the net pension liability	0.004%	0.005%	0.007%	0.006%	0.005%	0.007%	0.005%	0.009%	0.010%
Station's proportionate share of the net pension liability	\$ 773,087	\$ 808,032	\$ 889,822	\$ 831,196	\$ 783,029	\$ 999,838	\$ 1,449,248	\$ 2,725,922	\$ 2,396,176
State's proportionate share of the net pension liability associated with the Station	859,878	1,050,055	939,414	874,155	848,489	743,872	1,155,023	256,916	243,664
Total	<u>\$ 1,632,965</u>	<u>\$ 1,858,087</u>	<u>\$ 1,829,236</u>	<u>\$ 1,705,351</u>	<u>\$ 1,631,518</u>	<u>\$ 1,743,710</u>	<u>\$ 2,604,271</u>	<u>\$ 2,982,838</u>	<u>\$ 2,639,840</u>
Station's covered payroll	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520	\$ 411,565	\$ 456,219	\$ 461,171
Station's proportionate share of the net pension liability as a percentage of its covered payroll	159.85%	144.03%	190.06%	214.49%	199.44%	263.45%	352.13%	597.50%	519.58%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%

Western Kentucky University WKYU-TV
Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net Pension Liability
June 30, 2024 and 2023

Notes to Schedules

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS, salary increases changed from 3.55%–15.55% to 3.30%–15.30%. The KERS amortization period changed from 26 years, closed to 30 years, closed. For KTRS, price inflation changed from 3.00% to 2.50%, salary increases changed from 3.50%–7.30%, including inflation, to 3.00%–7.50%, including inflation, and the investment rate of return changed from 7.50%, net of pension plan investment expense, including inflation, to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55%–15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service. The payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

*The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Western Kentucky University WKYU-TV
Required Supplementary Information
Schedules of the Station's Pension Contributions
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
KERS									
Contractually required contribution	\$ 97,188	\$ 54,964	\$ 52,070	\$ 44,648	\$ 41,795	\$ 45,329	\$ 44,901	\$ 37,766	\$ 30,328
Contributions in relation to the contractually required contribution	<u>(97,188)</u>	<u>(54,964)</u>	<u>(52,070)</u>	<u>(44,648)</u>	<u>(41,795)</u>	<u>(45,329)</u>	<u>(44,901)</u>	<u>(37,766)</u>	<u>(30,328)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Station's covered payroll	\$ 166,975	\$ 98,089	\$ 85,404	\$ 101,753	\$ 84,083	\$ 92,235	\$ 90,390	\$ 78,185	\$ 89,844
Contributions as a percentage of covered payroll	58.20%	56.03%	60.97%	43.88%	49.71%	49.15%	49.67%	48.3%	33.76%
KTRS									
Contractually required contribution	\$ 52,762	\$ 60,851	\$ 74,252	\$ 103,127	\$ 61,230	\$ 90,830	\$ 66,948	\$ 70,525	\$ 76,992
Contributions in relation to the contractually required contribution	<u>(52,762)</u>	<u>(60,851)</u>	<u>(74,252)</u>	<u>(103,127)</u>	<u>(61,230)</u>	<u>(90,830)</u>	<u>(66,948)</u>	<u>(70,525)</u>	<u>(76,992)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Station's covered payroll	\$ 426,926	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520	\$ 411,565	\$ 456,219
Contributions as a percentage of covered payroll	12.36%	12.58%	13.24%	22.03%	15.80%	23.13%	17.64%	17.14%	16.88%

Western Kentucky University WKYU-TV
Required Supplementary Information
Notes to the Schedules of the Station's Pension Contributions
June 30, 2024 and 2023

Notes to Schedules

Changes in assumptions – In fiscal year 2024, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2022, for KERS, salary increases changed from 3.55%–15.55% to 3.30%–15.30%. The KERS amortization period changed from 26 years, closed to 30 years, closed. For KTRS, price inflation changed from 3.00% to 2.50%, salary increases changed from 3.50%–7.30%, including inflation, to 3.00%–7.50%, including inflation, and the investment rate of return changed from 7.50%, net of pension plan investment expense, including inflation, to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the KTRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55%–15.55%, varies by service. There were no changes for KTRS.

In fiscal year 2019, there were no changes to the KERS plan and the KTRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00% and the KTRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the KTRS plan discount rate decreased from 4.88% to 4.20%.

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The KTRS plan discount rate decreased from 5.23% to 4.88%.

******This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Western Kentucky University WKYU-TV
Required Supplementary Information
Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023

	2024	2023	2022	2021	2020	2019	2018
KERS							
Station's proportion of the net OPEB liability	0.010%	0.007%	0.007%	0.007%	0.007%	0.008%	0.007%
Station's proportionate share of the net OPEB liability	\$ 79,328	\$ 157,995	\$ 145,112	\$ 184,632	\$ 161,732	\$ 195,287	\$ 184,658
Station's covered payroll	\$ 98,089	\$ 85,404	\$ 101,753	\$ 84,083	\$ 92,235	\$ 90,390	\$ 78,185
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.87%	185.00%	142.61%	219.58%	175.34%	216.05%	236.18%
Plan fiduciary net position as a percentage of the total OPEB liability	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.40%
KTRS – Medical Insurance							
Station's proportion of the net OPEB liability	0.006%	0.009%	0.008%	0.007%	0.007%	0.007%	0.005%
Station's proportionate share of the net OPEB liability	\$ 144,284	\$ 216,354	\$ 169,881	\$ 169,967	\$ 198,147	\$ 240,056	\$ 195,720
Station's covered payroll	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520	\$ 411,565
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.83%	38.57%	36.28%	43.86%	50.47%	63.25%	47.56%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
KTRS – Life Insurance							
Station's proportion of the net OPEB liability	0.012%	0.013%	0.017%	0.015%	0.015%	0.015%	0.012%
Station's proportionate share of the net OPEB liability	\$ 3,302	\$ 4,141	\$ 2,266	\$ 5,044	\$ 4,537	\$ 4,313	\$ 2,576
Station's covered payroll	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520	\$ 411,565
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.68%	0.74%	0.48%	1.30%	1.11%	1.14%	0.626%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

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Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023

Notes to Schedules

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of "Under 65" and "Ages 65 and Older" were merged into one group called "Medical Trends" with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS, the healthcare trend rate for under age 65 decreased from 6.25% to 6.20% and for ages 65 and older the healthcare trend rate increased from 5.50% to 9.00%. The KERS discount rates used for Non-hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF healthcare cost trend rates for ages 65 and older and Medicare Part B premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The municipal bond index rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

In fiscal year 2022, for KERS, the healthcare trend rate for under age 65 decreased from 6.40% to 6.25% and for ages 65 and older the healthcare trend rate increased from 2.90% to 5.50%. The KERS salary increases for Hazardous changed from 3.55%–19.55% to 3.55%–20.05%. The KERS discount rates used for Non-hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, salary increases changed from 3.50%–7.20% to 3.00%–7.50%, the inflation rate decreased from 3.00% to 2.50%, real wage growth decreased from 0.50% to 0.25%, Wage inflation decreased from 3.50% to 2.75%, and the municipal bond index rate decreased from 2.19% to 2.13%. The KTRS MIF healthcare cost trend rates for under age 65 and ages 65 and older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B premiums decreased from 6.49% to 4.40%.

In fiscal year 2021, for KERS, the healthcare trend rates for under age 65 and ages 65 and older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS municipal bond index rate decreased from 3.50% to 2.19%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B premiums increased from 2.63% to 6.49%. The KTRS LIF salary increases changed from 3.50%–7.45% to 3.50%–7.20%.

In fiscal year 2020, for KERS, the salary increases changed from 3.05% avg. to 3.55%–15.55% (Non-hazardous) and 3.55%–19.55% (hazardous). The KTRS municipal bond index rate decreased from 3.89% to 3.50%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS, Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 years to 30 years and the inflation rate increased from 3.00% to 3.50%.

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

**Western Kentucky University WKYU-TV
Required Supplementary Information
Notes to Schedules of the Station's Proportionate Share of the Net OPEB Liability
June 30, 2024 and 2023**

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Western Kentucky University WKYU-TV
Required Supplementary Information
Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023**

	2024	2023	2022	2021	2020	2019	2018
KERS							
Contractually required contribution	\$ 26,725	\$ 15,113	\$ 17,052	\$ 11,924	\$ 8,561	\$ 9,280	\$ 9,195
Contributions in relation to the contractually required contribution	<u>(26,725)</u>	<u>(15,113)</u>	<u>(17,052)</u>	<u>(11,924)</u>	<u>(8,561)</u>	<u>(9,280)</u>	<u>(9,195)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Station's covered payroll	\$ 166,975	\$ 98,089	\$ 85,404	\$ 101,753	\$ 84,083	\$ 92,235	\$ 90,390
Contributions as a percentage of covered payroll	16.01%	15.41%	19.97%	11.72%	10.18%	10.06%	10.17%
KTRS – Medical Insurance							
Contractually required contribution	\$ 11,399	\$ 13,065	\$ 12,972	\$ 20,036	\$ 11,205	\$ 12,322	\$ 9,058
Contributions in relation to the contractually required contribution	<u>(11,399)</u>	<u>(13,065)</u>	<u>(12,972)</u>	<u>(20,036)</u>	<u>(11,205)</u>	<u>(12,322)</u>	<u>(9,058)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Station's covered payroll	\$ 426,926	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520
Contributions as a percentage of covered payroll	2.67%	2.70%	2.31%	4.28%	2.89%	3.14%	2.39%
KTRS – Life Insurance							
Contractually required contribution	\$ 340	\$ 385	\$ 387	\$ 468	\$ 229	\$ 152	\$ 112
Contributions in relation to the contractually required contribution	<u>(340)</u>	<u>(385)</u>	<u>(387)</u>	<u>(468)</u>	<u>(229)</u>	<u>(152)</u>	<u>(112)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Station's covered payroll	\$ 426,926	\$ 483,629	\$ 561,008	\$ 468,187	\$ 387,530	\$ 392,616	\$ 379,520
Contributions as a percentage of covered payroll	0.08%	0.08%	0.07%	0.10%	0.06%	0.04%	0.03%

**Western Kentucky University WKYU-TV
Required Supplementary Information
Notes to Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023**

Notes to the Schedules

Changes in assumptions – In fiscal year 2024, for KERS the Healthcare Trend Rate for Under Age 65 increased from 6.20% to 6.30% and for Ages 65 and Older the Healthcare Trend Rate decreased from 9.00% to 6.30%. The KERS Discount Rates used for Non-Hazardous and Hazardous increased from 5.72% to 5.94% and from 5.59% to 5.94%, respectively. For KERS, the municipal bond rate increased from 3.86% to 3.69%. For KTRS, the prior year MIF Healthcare Cost Trends groups of "Under 65" and "Ages 65 and Older" were merged into one group called "Medical Trends" with a rate of 6.75%. Medicare Part B Premiums decreased from 6.97% to 1.55%. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 3.37% to 3.66%.

In fiscal year 2023, for KERS, the healthcare trend rate for under age 65 decreased from 6.25% to 6.20% and for ages 65 and older the healthcare trend rate increased from 5.50% to 9.00%. The KERS discount rates used for Non-hazardous and Hazardous increased from 5.26% to 5.72% and from 5.01% to 5.59%, respectively. For KTRS, the MIF healthcare cost trend rates for ages 65 and older and Medicare Part B premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The municipal bond index rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

In fiscal year 2022, for KERS, the healthcare trend rate for under age 65 decreased from 6.40% to 6.25% and for ages 65 and older the healthcare trend rate increased from 2.90% to 5.50%. The KERS salary increases for Hazardous changed from 3.55%–19.55% to 3.55%–20.05%. The KERS discount rates used for Non-hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For KTRS, salary increases changed from 3.50%–7.20% to 3.00%–7.50%, the inflation rate decreased from 3.00% to 2.50%, real wage growth decreased from 0.50% to 0.25%, Wage inflation decreased from 3.50% to 2.75%, and the municipal bond index rate decreased from 2.19% to 2.13%. The KTRS MIF healthcare cost trend rates for under age 65 and ages 65 and older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The KTRS MIF Medicare Part B premiums decreased from 6.49% to 4.40%.

In fiscal year, 2021, for KERS, the healthcare trend rates for under age 65 and older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The KTRS municipal bond index rate decreased from 3.50% to 2.19%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The KTRS MIF Medicare Part B premiums increased from 2.63% to 6.49%. The KTRS LIF salary increases changed from 3.50%–7.45% to 3.50%–7.20%.

In fiscal year 2020, for KERS, the salary increases changed from 3.05% avg. to 3.55%–15.55% (Non-hazardous) and 3.55%–19.55% (hazardous). The KTRS municipal bond index rate decreased from 3.89% to 3.50%. The KTRS MIF healthcare cost trends for under age 65 and ages 65 and older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The KTRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 years to 30 years and the inflation rate increased from 3.00% to 3.50%.

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the KTRS plan.

**Western Kentucky University WKYU-TV
Required Supplementary Information
Notes to Schedules of the Station's OPEB Contributions
June 30, 2024 and 2023**

Changes in benefit terms – For fiscal year 2018, for the KTRS plan, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, was restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*Employer contributions do not include the expected implicit subsidy.

**ACCOUNTANTS' REPORT ON APPLICATION OF AGREED-UPON
PROCEDURES, NCAA COMPLIANCE REPORT**

REQUEST:

Acceptance of the Accountants' Report on Application of Agreed-Upon Procedures, NCAA Compliance Report for the year ended June 30, 2024.

FACTS:

Each year, Western Kentucky University contracts with our external auditing firm to issue a report on agreed-upon procedures to assist the University with respect to complying with the NCAA Constitution Article 3.2.4.17. The agreed-upon procedures were completed by Forvis Mazars, LLP for the fiscal year ended June 30, 2024, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The Statement of Revenues and Expenses of intercollegiate athletics operations was prepared by staff in the Office of Athletics who are responsible for compliance with the NCAA Constitution Article 3.2.4.17. A listing of procedures performed by Forvis Mazars, LLP, along with associated findings, is included in Attachment B of the report.

Forvis Mazars, LLP's procedures do not constitute an audit or review and, therefore, does not contain an opinion on compliance with the NCAA Constitution Article 3.2.4.17. It provides information intended for use by the Board of Regents, management of Western Kentucky University, and any authorized representative of the National Collegiate Athletic Association solely for reporting with respect to procedures described within the report.

RECOMMENDATION:

President Timothy C. Caboni recommends that the Board of Regents accept the Independent Accountant's Report on Applying Agreed-Upon Procedures as required by the NCAA Constitution Article 3.2.4.17 for the year ended June 30, 2024.

MOTION:

Accept the Independent Accountant's Report on Applying Agreed-Upon Procedures for NCAA Compliance for the year ended June 30, 2024.



Western Kentucky University

Independent Accountant's Report on Applying Agreed-Upon Procedures Performed on the Intercollegiate Athletics Program as Required by NCAA Bylaw 20.2.4.17.1

Year Ended June 30, 2024



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Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Timothy Caboni, President
Western Kentucky University
Bowling Green, Kentucky

We have performed the procedures enumerated in Attachment B to this report to assist you in evaluating whether the Statement of Revenues and Expenses (Attachment A) of Western Kentucky University (University) and related notes are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 20.2.4.17.1 as of and for the year ended June 30, 2024. The management of the University is responsible for compliance with the NCAA Bylaw 20.2.4.17.1.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining compliance with the NCAA Bylaw 20.2.4.17.1 as of and for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in Attachment B to this report.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the NCAA Bylaw 20.2.4.17.1. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP

**Louisville, Kentucky
January 15, 2025**

**Western Kentucky University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
Year Ended June 30, 2024**

Attachment A

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues						
Ticket sales	\$ 941,677	\$ 950,638	\$ 76,824	\$ 44,125	\$ 9,547	\$ 2,022,811
Student fees	-	-	-	-	4,822,109	4,822,109
Direct institutional support	6,831,666	1,964,718	1,460,676	6,855,010		17,112,070
Less transfers to institution	-	-	-	-	(3,418,504)	(3,418,504)
Indirect institutional support	-	-	-	-	4,990,424	4,990,424
Indirect institutional support – athletic facilities debt service, lease and rental fees	-	-	-	-	4,681,530	4,681,530
Guarantees	2,185,120	75,000	35,000	25,000	-	2,320,120
Contributions	775,233	649,977	119,124	469,395	3,299,809	5,313,538
Media rights	-	-	-	-	1,356,500	1,356,500
NCAA distributions	-	-	-	-	499,865	499,865
Conference distributions (non-media and non-football bowl)	-	113,397	-	-	3,900,754	4,014,151
Conference distributions of football bowl generated revenue	473,960	-	-	-	-	473,960
Program, novelty, parking and concession sales	-	-	-	-	293,398	293,398
Royalties, licensing, advertisement and sponsorships	-	-	-	-	525,780	525,780
Other operating revenue	-	-	-	32,889	109,377	142,266
Total Operating Revenues	11,207,656	3,753,730	1,691,624	7,426,419	21,070,589	45,150,018

**Western Kentucky University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
Year Ended June 30, 2024**

(Continued)

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Expenses						
Athletic student aid	\$ 2,661,430	\$ 460,581	\$ 365,257	\$ 2,310,981	\$ 230,730	\$ 6,028,979
Guarantees	325,000	31,000	31,000	19,057	9,371	415,428
Coaching salaries, benefits, and bonuses paid by the University and related entities	3,240,806	1,359,334	631,059	2,184,252	-	7,415,451
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	1,067,515	77,806	57,258	-	4,436,571	5,639,150
Severance payments	-	390,063	-	-	-	390,063
Recruiting	286,113	104,488	66,170	144,282	3,000	604,053
Team travel	980,439	798,172	289,806	1,215,907	54,863	3,339,187
Sports equipment, uniforms and supplies	1,055,387	184,960	67,696	717,334	408,294	2,433,671
Game expenses	198,534	131,791	99,030	188,207	736,473	1,354,035
Fundraising, marketing and promotion	13,452	1,856	382	21,309	781,332	818,331
Spirit groups	-	-	-	-	351,322	351,322
Athletic facilities debt service, leases and rental fees	-	-	-	-	6,495,015	6,495,015
Direct overhead and administrative expenses	115,980	6,639	20,878	343,027	634,240	1,120,764
Indirect institutional support	-	-	-	-	4,990,424	4,990,424
Medical expenses and insurance	500	960	2,975	1,395	744,201	750,031
Memberships and dues	43,965	6,633	1,090	29,874	668,374	749,936
Student-athlete meals (non-travel)	454,175	135,459	19,158	75,849	35,570	720,211
Other operating expenses	282,334	63,988	39,865	174,945	490,809	1,051,941
Football bowl expenses	482,026	-	-	-	-	482,026
Total Operating Expenses	<u>11,207,656</u>	<u>3,753,730</u>	<u>1,691,624</u>	<u>7,426,419</u>	<u>21,070,589</u>	<u>45,150,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenses (Statement) (Attachment A) of the Intercollegiate Athletics Program (Athletics) has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of Athletics of Western Kentucky University (University) for the year ended June 30, 2024. The Statement includes those Athletics' revenues and expenses made on behalf of Athletics by outside organizations not under the accounting control of the University. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the University as a whole, for the year ended June 30, 2024. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

Note 2. Affiliated Organizations and Contributions

The College Heights Foundation receives gifts and contributions that are restricted for the related Athletics, as well as for the Touchdown Club and Men's Basketball Athletic Director Fund. Contributions of \$1,810,442 were received during FY24 from the College Heights Foundation. During the year ended June 30, 2024, the Foundation had two individual contributions exceeding 10% of total contribution received. These contributions were from individual donors and totaled \$800,000 and \$200,225. Additionally, Athletics spent \$3,503,096 of contributions that were received in prior years.

Note 3. Capital Assets

Assets acquired, depreciated, and disposed of for Athletics purposes follow the University's capitalization policy of \$5,000. All capital assets, as defined by University policy, are recorded at cost at the date of acquisition, or if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to functional expense categories.

Western Kentucky University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
June 30, 2024

Note 4. Long-Term Debt

As of June 30, 2024, there was outstanding Athletics' debt associated with a portion of the General Receipts Bonds, Series 2015A and Series 2016A, totaling \$6,744,462. Additionally, there is outstanding Athletics' debt related to the renovation of Diddle Arena and other Athletics' projects with the 2022 Series A & B, totaling \$46,950,000 and software-based information technology arrangements of \$244,602. Long-term debt maturities relating to Athletics are as follows:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 4,910,911	\$ 1,751,648
2026	4,994,034	1,580,676
2027	4,379,119	1,404,812
2028	2,095,000	1,284,822
2029	2,165,000	1,216,944
2030–2034	11,910,000	4,986,522
2035–2039	13,970,000	2,927,988
2040–2042	<u>9,515,000</u>	<u>623,214</u>
Total	<u>\$ 53,939,064</u>	<u>\$ 15,776,626</u>

Note 5. Other Reporting Items

Certain other reporting items, which are required to be disclosed as of and for the fiscal year ended June 30, 2024 are:

Other Reporting Items

Total Athletics-related debt	\$ 53,939,064
Total institutional debt	\$ 149,016,285
Value of Athletics-dedicated endowments	\$ 14,760,375
Value of institutional endowments	\$ 260,532,031
Total Athletics-related capital expenditures	\$ 6,650,216

Our procedures and findings are described as follows:

Internal Controls

1. We obtained an understanding of Western Kentucky University's (University) internal control structure and those controls unique to the Intercollegiate Athletics Program (Athletics).

Affiliated and Outside Organizations

1. Athletics' management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
2. Athletics' management prepared and provided to us a summary of revenues and expenses for or on behalf of the Athletics by affiliated and outside organizations included in the Statement of Revenues and Expenses (Statement) (Attachment A).
3. Athletics' management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Statement of Revenues and Expenses

1. We will obtain the Statement for the year ended June 30, 2024, as prepared by management. We will compare the revenue and expense amounts reported on the Statement to the supporting schedules prepared by management of the University, for relevant revenue and expense categories which are greater than 4.0% of total operating revenues and operating expenses.

Results and Findings: We obtained Attachment A, as prepared by management. We recalculated the amounts on Attachment A, compared the amounts on Attachment A to management's worksheets and traced the amounts on management's worksheets to the general ledger for the University.

2. We will compare a sample of operating revenue receipts and operating expenses obtained from the above Statement to adequate supporting schedules.

Results and Findings: See procedures #4–#65.

3. We will compare each major revenue and expense category greater than 10% of the total revenues or expenses in the Statement to prior year amounts and current year budgeted amounts. We will obtain and document an understanding of any significant variances greater than 10% from prior year amounts or current year budget estimates.

Results and Findings:

Current year actual versus prior year actual:

- Student Fees increased by \$1,658,485 or 52.42% from the prior year. The University's management represented that this increase is a result of student fees related to athletic debt being reported in Student Fees for FY24 while historically these fees have been reported in Indirect Institutional Support – Athletic Facilities line.
- Indirect Institutional Support increased by \$3,295,986 or 194.52% from the prior year. The University's management represented that this increase is a result of increased athletic facilities repairs and maintenance during FY24.

**Western Kentucky University
Intercollegiate Athletics Program
Agreed-Upon Procedures
June 30, 2024**

- Indirect Institutional Support – Athletic Facilities decreased by \$1,258,866 or 21.19% from the prior year. The University's management represented that this decrease is a result of athletic debt student fees being reported in Student Fees for FY24 instead of the Indirect Institutional Support – Athletic Facilities line.
- Contributions increased by \$2,043,716 or 62.50% from the prior year. The University's management represented that this increase is a result of using more contributed money for athletic debt repayment during FY24. Additionally, athletics used contributed money to fund portions of the Hilltopper Athletic Fund (HAF) operations during FY24.
- Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities increased by \$1,320,710 or 21.67% from the prior year. The University's management represented that this increase is a result of hiring additional athletic coaches, which had remained unfilled since COVID, and a campus-wide salary increase occurring during FY24.

Current Year Actual Versus Current Year Budget:

- The University's management represented that Direct Institutional Support was not budgeted for FY24 and that this amount is determined at year-end once management determines Athletics' costs that were not covered by sport revenues or student fees.
- The University's management represented that Indirect Institutional Support – Athletics Facilities Debt Service, Lease and Rental Fees was not budgeted for FY24 and that this amount is determined at year-end once management determines Athletics' debt payments not covered by sport revenues or student fees.
- The University's management represented that Contributions was not budgeted for FY24 and that this amount is determined at year-end once management determines the contributions that have been received for the year and were used to fund operations.
- The University's management represented that Indirect Institutional Support was not budgeted for FY24 and that this amount is actual expenses incurred by the University to cover preventative maintenance, electrical and water usage, custodial services, and repairs for athletic facilities during the year.
- The University management represented that Coaching Salaries paid by the University and Support Staff Compensation paid by the University have a combined budget. Actual exceeded budget by \$2,084,242 or 19.00% due to a campus-wide salary increase occurring during FY24 along with hiring additional athletic department staff, which had remained unfilled since COVID. Management also noted that bonuses are not considered in the budget.

Ticket Sales

4. For football and men's basketball ticket revenue, we will compare the detail of tickets sold, complimentary tickets provided, and unsold tickets to the related revenue reported by the University in the Statement and the related attendance figures and recalculate totals.

Results and Findings: Forvis Mazars was unable to agree the detail of football and men's basketball tickets sold, complimentary tickets provided, and unsold tickets to the related revenue reported by the University by \$37,740 and \$3,371, respectively.

Student Fees

5. We will compare and agree student fees reported by the University in the Statement to student enrollments and recalculate totals.

Results and Findings: Forvis Mazars was unable to agree the recalculated student fee amount to the related revenue reported by the University by \$36,370.

6. We will obtain and document an understanding of the University's methodology for allocating student fees to Athletics and inquire of the University's management as to whether there were any significant changes from prior year.

Results and Findings: No matters are reportable.

7. If Athletics is reporting that an allocation of student fees should be countable as generated revenue, we will recalculate the totals of Athletics' methodology for supporting that they are able to count each sport. We will agree the calculation to supporting documents, such as seat manifests, ticket sales reports, and student fee totals.

Results and Findings: No matters are reportable.

Direct State or Other Governmental Support

8. We will compare the direct state or other governmental support recorded by the University during the reporting period with state appropriations, University authorizations, and/or other corroborative supporting documentation and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Direct Institutional Support

9. We will compare the direct institutional support recorded by the University during the reporting period with supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results and Findings: No matters are reportable.

Transfers Back to Institution

10. We will compare the transfers back to the University with permanent transfers back to the University from Athletics and recalculate totals.

Results and Findings: No matters are reportable.

Indirect Institutional Support and Indirect Institutional Support – Athletic Facilities Debt Service, Lease and Rental Fees

11. We will compare the indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

Results and Findings: No matters are reportable.

Guarantees

12. We will select a sample of one settlement report for away games during the reporting period and agree the selection to the University's general ledger and/or the Statement and recalculate totals.

Results and Findings: No matters are reportable.

We will select a sample of one contractual agreement pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree the selection to the University's general ledger and/or the Statement and recalculate totals.

Results and Findings: No matters are reportable.

Contributions

13. We will obtain a listing of all contributions of money, goods, or services received directly by Athletics from any affiliated or outside organization, agency, or group of individuals (two or more). For any individual contributions greater than 10% of total contributions received, we will obtain and review supporting documentation and recalculate totals.

Results and Findings: Two individual contributions greater than 10% of total contributions received, \$800,000 and \$200,225, were received by College Heights Foundation during the year. No matters are reportable.

In-Kind

14. We will compare the in-kind revenue recorded by the University during the reporting period with a schedule of in-kind donations and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Compensation and Benefits Provided by a Third Party

15. We will obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from the University and select a sample of one item from the Summary and compare and agree the selection to supporting documentation, the University's general ledger, and/or the Summary and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Media Rights

16. We will obtain and inspect agreements to understand the University's total media rights received by the University or through its conference offices as reported in the Statement.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

17. We will compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the University's general ledger and recalculate totals.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

NCAA Distributions

18. We will compare the amounts recorded in the Statement to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Conference Distributions (Non-Media and Non-Football Bowl) and Conference Distributions of Football Bowl Generated Revenue

19. We will obtain and read agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.

Results and Findings: For conference distributions (non-media and non-football bowl) no matters are reportable. For conference distributions of football generated revenue, line item was less than 4% of total revenues; therefore, no procedures were performed.

20. We will compare and agree the related revenues to the University's general ledger and/or the Statement and recalculate totals.

Results and Findings: No matters are reportable for conference distributions (non-media and non-football bowl).

Program, Novelty, Parking and Concession Sales

21. We will obtain supporting schedules for revenue reported in the Statement from program, novelty, parking, and concessions sales and agree the amounts to the Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Royalties, Licensing, Advertisements and Sponsorships

22. We will obtain and read agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

23. We will compare and agree the related revenues to the University's general ledger, and/or the Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Sports Camp Revenues

24. We will obtain and read sports camp contract(s) between the University and person(s) conducting University's sports camps or clinics during the reporting period to obtain an understanding of the University's methodology for recording revenues from sports camps.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

25. We will obtain schedules of camp participants and select a sample of one individual camp participant cash receipts from the schedule of sports camp participants and agree the selection to the University's general ledger and/or the Statement and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Athletics Restricted Endowment and Investment Income

26. We will obtain and read endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

27. We will compare and agree the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Other Operating Revenue

28. We will obtain support schedules for other revenue reported in the Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total revenues; therefore, no procedures were performed.

Football Bowl Revenues

29. We will obtain and read agreements related to the University's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

30. We will compare and agree the related revenues to the University's general ledger and/or Statements and recalculate totals.

Results and Findings: There were no revenues in this line item in the Statement; therefore, no procedures were performed.

Athletic Student Aid

31. We will select a sample of students (if the University used CA software, the sample is the lesser of 10% or 40 student-athlete recipients; if the University did not use CA software, the sample is the lesser of 20% or 60 student-athlete recipients) from the listing of student aid recipients during the reporting period.

Results and Findings: The University utilizes the CA software. We selected a sample of 29 students from the listing of student aid recipients during the reporting period.

32. We will obtain individual student account detail for each selection and compare total aid per the University's student information system to the student's detail in the University report that ties directly to the NCAA Membership Financial Reporting System.

Results and Findings: We obtained individual student account detail for each selection and compared to the aid allocated from the CRDE Report to the student detail, noting an aggregated difference of \$15,354. The University's management represented that \$14,896 of the total difference is due a student which graduated in Fall 2023 but was not removed from the Banner System, and thus, resulted in the student being recorded in the Spring 2024 roster thus showing the student receiving full year award on the CRDE Report within the NCAA Membership Financial Reporting System. The University's management represented that the remaining \$458 differences is due to the institution paying actual amounts in the student account detail rather than the aid amount allocated in the CRDE report.

33. We will compare information for each student selected to their information reported in the NCAA's CA software or the NCAA Membership Financial Reporting System, using the following criteria:
- a. We will compare the equivalency value in the CA software for each student-athlete (rounded to two decimal places) to supporting documentation.
 - b. We will note whether grants-in-aid were calculated by using the revenue distribution equivalencies by sport and in aggregate (Athletics' grant amount divided by the full grant amount).
 - c. We will note whether other expenses related to attendance (also known as gap money or cost of attendance) are excluded from grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were counted for grants-in-aid revenue distribution per Bylaw 20.2.10.
 - d. We will note whether the equivalency limits exceeded the maximum equivalency limits.
 - e. We will note whether the grant amount represented the full cost of tuition for an academic year, rather than a semester.
 - f. If an athlete participated in more than one sport, we will note whether the award was only included in one sport.
 - g. We will note whether Athletics' grants were for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.
 - h. We will note whether grants-in-aid were for sports that meet the minimum contests and participants' requirements of Bylaw 20.10.6.3.
 - i. We will note whether any of the selected items represented grants to student-athletes listed on the calculation of revenue distribution equivalencies report as "exhausted eligibility" or "medical."
 - j. We will note whether any sports were discontinued during the fiscal year.

- k. We will note whether any of the student-athletes selected had exhausted their Athletics' eligibility.
- l. If a selected student received a Pell Grant, we will note whether the value of the grant was excluded from the calculation of equivalencies or the total dollar amount of student Athletics' aid expense for the University.
- m. If a student received a Pell Grant, we will compare the student's total grant to the total number and total value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.

Results and Findings: No matters are reportable.

- 34. We will recalculate the detail amounts of Athletics' student aid and agree it to the total per the Statement. We will recalculate totals for each sport and overall.

Results and Findings: Forvis Mazars was able to agree the Athletics' student aid total to the individual student-athlete listing report by including summer school and endowment adjustments.

Guarantees

- 35. We will obtain and inspect a sample of one visiting University's away-game settlement reports received by the University during the reporting period and agree related expenses to the general ledger and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

- 36. We will obtain and inspect a sample of one contractual agreement pertaining to expenses recorded by the University during the reporting period from guaranteed contests and agree related expenses to the general ledger and/or Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities

- 37. We will obtain and inspect a listing of coaches employed by the University and related entities during the reporting period and select a sample of three coaches' contracts that include football and men's and women's basketball from the above listing.

Results and Findings: Forvis Mazars selected three coaches from the listing.

- 38. We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.

Results and Findings: Forvis Mazars obtained salary supporting files for the men's basketball head coach noting his salary amount did not recalculate to the amount represented in the detail of coaches' salaries by \$1,932.

- 39. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period.

Results and Findings: No matters are reportable.

40. We will compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

Results and Findings: No matters are reportable, other than as noted in #38.

Coaching Salaries, Benefits and Bonuses Paid by a Third Party

41. We will obtain and inspect a listing of coaches employed by third parties during the reporting period and select a sample of three coaches' contracts that will include football and men's and women's basketball from the above listing.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

42. We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits and bonuses paid by a third party and recorded by the University in the Statement during the reporting period.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

43. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers from the reporting period to the coaching salaries, benefits and bonuses paid by third-party expenses recorded by the University in the Statement during the reporting period.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University and Related Entities

44. We will select a sample of one support staff/administrative personnel employed by the University and related entities during the reporting period.

Results and Findings: No matters are reportable.

45. We will obtain and inspect reporting period summary payroll register for each selection. We will compare and agree related summary payroll register to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculate totals.

Results and Findings: No matters are reportable.

Support Staff/Administrative Compensation, Benefits and Bonuses Paid by a Third Party

46. We will select a sample of one support staff/administrative personnel employed by third parties during the reporting period.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

47. We will obtain and inspect reporting period summary payroll register for the selection. We will compare and agree the related summary payroll register to the related support staff/administrative compensation, benefits and bonuses expense recorded by the University in the Statement during the reporting period and recalculate totals.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Severance Payments

48. We will select a sample of one employee receiving severance payments by the University during the reporting period and agree the severance payment to the related termination letter or employment contract and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Recruiting

49. We will obtain an understanding of the University's recruiting expense policies and compare to existing University and NCAA-related policies.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

50. We will obtain general ledger detail of recruiting expenses and compare to amounts reported in the Statement and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Team Travel

51. We will obtain an understanding of the University's team travel policies and compare to existing University and NCAA-related policies.

Results and Findings: No matters are reportable.

52. We will obtain general ledger detail of team travel expenses and compare to amounts reported in the Statement and recalculate totals.

Results and Findings: No matters are reportable.

Sports Equipment, Uniforms and Supplies

53. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: No matters are reportable.

Game Expenses

54. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Fundraising, Marketing and Promotion

55. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Sports Camps Expenses

56. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: There were no expenses in this line item in the Statement; therefore, no procedures were performed.

Spirit Groups

57. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Athletic Facilities Debt Service, Leases and Rental Fees

58. We will obtain a listing of debt service schedules, lease payments, and rental fees for Athletics' facilities and agree to the general ledger. We will compare a sample of facility payments including the top two highest facility payments, to additional supporting documentation and recalculate totals.

Results and Findings: No matters are reportable.

Direct Overhead and Administrative Expenses

59. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Indirect Institutional Support

60. We will obtain general ledger detail and compare to supporting documentation.

Results and Findings: No matters are reportable.

Medical Expenses and Insurance

61. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Memberships and Dues

62. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Other Operating Expenses

63. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and compare to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Student-Athlete Meals (Non-Travel)

64. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Statement line item was less than 4% of total expenses; therefore, no procedures were performed.

Football Bowl Expenses and Football Bowl Expenses – Coaching Compensation/Bonuses

65. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

Results and Findings: Football bowl expenses line item was less than 4% of total expenses; therefore, no procedures were performed. There were no expenses in the football bowl expenses – coaching compensation/bonuses line item in the Statement; therefore, no procedures were performed.

Additional Minimum Agreed-Upon Procedures

66. We will compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the supporting equivalency calculations of the University. We will compare current year grants-in-aid revenue distributions equivalencies to prior year reported equivalencies per the Membership Financial Report submission and note any variances greater than 4%.

Results and Findings: The grants-in-aid revenue distribution equivalency increased by 18.75 or 11.85%. The University represented this increase is a result of the number of students receiving aid increasing as well as the amount of aid awarded increasing for FY24.

67. We will obtain the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We will compare the countable sports reported by the University with the minimum requirements set forth by Bylaw 20.10.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. We will note whether the University has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. We will compare the current year number of sports sponsored to prior year reported total per the Membership Financial Report submission.

Results and Findings: No matters are reportable.

68. We will agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting system to a report, generated out of the University's financial aid system, of all student-athlete Pell Grants. We will compare the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission and note any variance of student-athletes.

Results and Findings: No matters are reportable.

Minimum Agreed-Upon Procedures for Other Reporting Items

Excess Transfers to the University and Conference Realignment Expenses

69. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction to agree to supporting documentation and recalculate totals.

Results and Findings: There were no excess transfers to the University or conference realignment expenses for the reporting period; therefore, no procedures were performed.

Total Athletics-Related Debt

70. We will obtain repayment schedules for all outstanding Athletics-related debt during the reporting period and recalculate annual maturities. We will agree the total annual maturities and total outstanding Athletics-related debt to supporting documentation and the general ledger.

Results and Findings: No matters are reportable.

Total University Debt

71. We will agree the total outstanding debt of the University to supporting documentation and the University's audited financial statements.

Results and Findings: No matters are reportable.

Value of Athletics-Dedicated Endowments

72. We will obtain a schedule of all Athletics-dedicated endowments maintained by Athletics, the University and affiliate organizations. We will agree the fair market value in the schedule(s) to supporting documentation and the general ledger.

Results and Findings: No matters are reportable.

Value of Institutional Endowments

73. We will agree the fair market value of the University's endowments to supporting documentation and the general ledger.

Results and Findings: No matters are reportable.

Total Athletics-Related Capital Expenditures

74. We will obtain a schedule of Athletics-related capital expenditures made by Athletics, the University and affiliated organizations during the reporting period.

Results and Findings: No matters are reportable.

75. We will obtain general ledger detail and compare to the total expenses report. We will select a sample of one transaction and compare to supporting documentation and recalculate totals.

Results and Findings: No matters are reportable.

2024-25 STATEMENT OF REVENUES & EXPENDITURES

REQUEST:

Accept for filing the Statement of Revenues & Expenditures for the Six Months Ended December 31, 2024 and 2023.

FACTS:

This report is a summary of revenue versus expenses for the second quarter of fiscal year 2025.

Total revenue was approximately 70% of budget, or \$235.3 million. Overall, Total Revenue has increased due to the significant increase in net tuition revenue. The total Gross Tuition and Fees were up slightly, but the reduction in Institutional Financial Assistance, resulting from a revised scholarship model, attributed to a 6% increase in Net Tuition Revenue.

Total expenses were \$181.0 million or 65% of budget. Both Total Personnel and Total Direct Expenses are relatively flat from the prior year, with a Total Expense increase of approximately \$581,000 over the prior year. Categories including Supplies & Operating Expenses and Maintenance show decreases year-over-year, although this is offset with an increase in Other Financial Assistance. The increase in Other Financial Assistance is directly impacted by increases in PELL and CAP awards of \$4.2 million, which is reflected in the revenue budget.

RECOMMENDATION:

President Timothy C. Caboni recommends that the Board of Regents accept for filing the Statement of Revenues and Expenditures for the Six Months Ended December 31, 2024 and 2023.

MOTION:

Accept for filing the Statement of Revenues and Expenditures for the Six Months Ended December 31, 2024 and 2023.



	Budget 2025	Actual 2025	2025 % of Budget	Budget 2024	Actual 2024	2024 % of Budget
Revenue						
Revenues						
Gross Tuition & Fees	\$ 184,154,000	\$ 168,423,897	91%	\$ 178,845,000	\$ 167,134,572	93%
Less Institutional Financial Assistance	(59,676,300)	(49,957,236)	84%	(59,113,600)	(55,544,992)	94%
Net Tuition Revenue	124,477,700	118,466,661	95%	119,731,400	111,589,580	93%
State Appropriation	86,741,900	47,708,100	55%	83,449,700	45,794,551	55%
Grants & Contracts	72,625,000	42,092,653	58%	61,530,000	37,535,101	61%
Other Revenue	18,269,000	11,580,274	63%	36,269,300	10,731,966	30%
Sales & Services	17,315,100	7,490,421	43%	15,317,000	5,798,334	38%
Auxiliary	15,125,000	8,011,524	53%	13,933,000	8,650,666	62%
TOTAL Revenue	\$ 334,553,700	\$ 235,349,632	70%	\$ 330,230,400	\$ 220,100,198	67%
Expense						
Personnel Expense						
Wages/Salaries	137,274,000	64,811,282	47%	131,090,000	64,437,355	49%
Fringe Benefits	56,997,000	25,012,948	44%	52,629,000	24,611,364	47%
TOTAL Personnel Expense	194,271,000	89,824,230	46%	183,719,000	89,048,719	48%
Direct Expense						
Other Financial Assistance	64,373,700	40,660,185	63%	55,733,400	36,566,977	66%
Supplies & Operating Expenses	45,748,000	21,896,127	48%	41,492,000	24,255,111	58%
Maintenance	20,138,000	11,277,894	56%	15,432,000	12,358,066	80%
Debt Service	16,635,000	10,208,802	61%	17,008,000	10,100,063	59%
Utilities	9,340,000	3,900,969	42%	9,641,000	3,589,021	37%
Travel	8,022,000	3,280,655	41%	7,205,000	4,549,722	63%
Budget Realignment Strategy	(23,974,000)					
TOTAL Direct Expense	140,282,700	91,224,632	65%	146,511,400	91,418,960	62%
TOTAL Expense	\$ 334,553,700	\$ 181,048,862	54%	\$ 330,230,400	\$ 180,467,678	55%



Western Kentucky University

Quarterly Financial Statements
For the six months ended December 31, 2024 and 2023

Western Kentucky University

Quarterly Financial Statements

Statement of Net Position As of December 31, 2024 and December 31, 2023

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 62,013,259	\$ 13,648,732
Short-term investments	292,004	13,477,507
Accounts receivable, net of allowance	69,031,726	65,814,352
Federal and state grants receivables	33,812,655	15,730,307
Inventories	89,692	44,064
Loans to other students	-	18,282
Prepaid expenses and other	3,788,499	4,398,362
Total current assets	<u>169,027,835</u>	<u>113,131,606</u>
Noncurrent assets		
Restricted cash and equivalents	65,781,692	41,731,984
Long-term investments	-	32,097,834
Loans to students, net of allowance	-	122,347
Assets held in trust	19,506,281	17,821,352
Lease receivables	1,534,735	1,067,431
Capital assets - non-depreciable	60,900,847	32,312,063
Capital assets - depreciable	931,532,329	876,726,826
Accumulated depreciation	(535,900,840)	(508,556,690)
Lease assets, net	27,613,850	29,701,513
Subscription assets, net	1,053,617	1,689,873
Total noncurrent assets	<u>572,022,511</u>	<u>524,714,533</u>
Total assets	<u>741,050,346</u>	<u>637,846,139</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,214,871	1,652,017
Deferred outflows - Pension and OPEB	41,016,224	42,294,431
Total deferred outflows of resources	<u>42,231,095</u>	<u>43,946,448</u>
Total assets and deferred outflows of resources	<u><u>\$ 783,281,441</u></u>	<u><u>\$ 681,792,587</u></u>

Western Kentucky University

Quarterly Financial Statements

Statement of Net Position As of December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
LIABILITIES		
Current liabilities		
Accounts Payable	\$ 8,271,304	\$ 7,161,971
Self-insured health and workers' compensation liability	1,315,619	1,416,888
Accrued payroll and compensated absences	16,840,518	9,749,525
Accrued interest	982,597	1,096,802
Unearned revenue	65,258,127	48,005,766
Long-term obligations - current	5,230,131	13,194,432
Lease and subscription liabilities – current	1,896,739	2,250,562
Deposits held in custody for others	17,801,737	14,591,270
Total current liabilities	<u>117,596,772</u>	<u>97,467,216</u>
Non-current liabilities		
Long-term obligations	139,484,128	110,820,707
Lease and subscription liabilities	28,213,839	29,018,372
Net pension and OPEB liabilities	223,465,907	250,129,235
Total non-current liabilities	<u>391,163,874</u>	<u>389,968,314</u>
Total liabilities	<u>508,760,646</u>	<u>487,435,530</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - Pension OPEB	37,608,800	33,514,292
Deferred inflows - Leases	1,513,439	1,773,390
Total deferred inflows	<u>39,122,239</u>	<u>35,287,682</u>
NET POSITION		
Net investment in capital assets	378,622,255	315,375,575
Restricted		
Non-expendable - endowments	19,138,764	16,744,356
Expendable - Loans	251,046	407,561
Unrestricted	(162,613,509)	(173,458,117)
Total net position	<u>235,398,556</u>	<u>159,069,375</u>
Total liabilities, deferred inflows, and net position	<u><u>\$ 783,281,441</u></u>	<u><u>\$ 681,792,587</u></u>

Western Kentucky University

Quarterly Financial Statements

Statement of Revenues, Expenses, and Changes in Net Position For the six months ended December 31, 2024 and December 31, 2023

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Operating Revenues		
Tuition and fees, net of discounts and allowances	\$ 81,079,264	\$ 85,389,053
Sales and services of educational activities	7,490,421	5,798,334
Auxiliary enterprise revenues, net of discounts and allowances	6,086,355	6,577,900
Other operating revenues	12,670,663	11,516,365
Total operating revenues	<u>107,326,703</u>	<u>109,281,652</u>
Operating Expenses		
Education and general		
Instruction	43,771,406	44,631,259
Research	3,335,242	3,964,972
Public service	8,802,072	7,638,873
Libraries	2,655,069	3,266,869
Academic support	12,898,102	13,287,957
Student services	18,455,787	20,273,334
Institutional support	32,377,442	28,221,945
Operation and maintenance of plant	12,037,307	24,078,272
Student financial aid	1,384,060	8,301,947
Depreciation and amortization	17,230,000	16,598,846
Auxiliary enterprises	7,963,494	7,148,680
Total operating expenses	<u>160,909,981</u>	<u>177,412,954</u>
Operating loss	<u>(53,583,278)</u>	<u>(68,131,302)</u>
Non-operating revenues (expenses)		
State appropriations	74,209,097	49,876,859
Grants and contracts	42,092,653	37,535,101
Net investment income (expense)	1,597,570	1,821,786
Interest on capital asset-related debt	(2,163,467)	(2,340,063)
(Loss) gain on disposal of capital assets	39,219	35,311
Other operating revenues (expenses)	(419,587)	-
Net non-operating revenues	<u>115,355,485</u>	<u>86,928,994</u>
Increase in net position	61,772,207	18,797,692
Net position, beginning of year	173,626,349	140,271,683
Net position, end of period	<u>\$ 235,398,556</u>	<u>\$ 159,069,375</u>