EASTERN KENTUCKY UNIVERSITY

REPORT ON AUDIT OF INSTITUTION OF HIGHER EDUCATION IN ACCORDANCE WITH UNIFORM GUIDANCE

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Eastern Kentucky University (the "University"), a component of the Commonwealth of Kentucky, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Eastern Kentucky University Foundation, Inc., which represents the entire discretely presented component unit of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Eastern Kentucky University Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Eastern Kentucky Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

(Continued)

Responsibilities of Management for the Financial Statements

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

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

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 opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University'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 University'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.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 19, the Schedule of the University's Proportionate Share of the Net Pension Liability on page 93, the Schedule of the University's Pension Contributions on page 94 the Schedule of the University's Proportionate Share of the Net OPEB Liability on page 99, and the Schedule of the University's OPEB Contributions on page 100 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 and other auditors 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 4, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Lexington, Kentucky
November 4, 2024

Introduction

Eastern Kentucky University ("EKU" or the "University") is a public institution of higher learning located in central Kentucky and serving primarily the eastern region of the Commonwealth. Many EKU students are the first in their families to attend college.

EKU is wrapping up the most comprehensive revitalization in its history, with several new residence halls, academic facilities and other buildings opening in recent years or in the near future on the main campus. The University, which also boasts regional campuses in Corbin and Manchester, offers a diverse range of degree programs at the associate, baccalaureate, master's and doctoral levels. The University's prominent programs include Aviation, Criminal Justice, Education, Environmental Health Science, Forensic Science, Game Design, Homeland Security, Nursing, Occupational Therapy and PGA Golf Management. The nationally prominent Honors Program consistently leads the nation in the number of student presenters at the National Collegiate Honors Council. The institution offers four doctoral programs: Educational Leadership and Policy Studies, Nursing Practice, Occupational Therapy and Clinical Psychology.

Nearly 78 percent of EKU graduates are Kentucky residents, and 64 percent of the University's degree holders are employed in Kentucky after graduation, giving EKU the title of "Kentucky's University." In Fall 2023, the University welcomed approximately 2,780 students, with a growing number attracted to EKU Online programs, often ranked among the nation's most affordable. The University's four-year graduation rate has more than doubled in the last eight years, and recent freshman classes are the best-prepared academically in the institution's history.

EKU has also received the Minority Access Diversity Institution Award for seven consecutive years and was the only regional university in Kentucky to receive the 2017 Higher Education Excellence in Diversity (HEED) Award from *Insight into Diversity* magazine. The University also earned national distinction among the "Great Colleges to Work For" five of the last 11 years, according to the annual report on the academic workplace by the *Chronicle of Higher Education.*

The University has generated record amounts of private support in recent years and is well ahead of pace as the Make No Little Plans campaign winds down. EKU has been recognized for five consecutive years for Contributions to the Public Good from *Washington Monthly* magazine and was ranked second by the magazine among public universities in Kentucky in its 2017 "Best Bang for the Buck" survey.

The audited financial statements for the fiscal year 2024 for Eastern Kentucky University, and the statements for the Eastern Kentucky University Foundation, Inc. (the "Foundation"), an affiliated organization and component unit of the University, are included in this report. This section, Management's Discussion and Analysis ("MD&A") is intended to provide an overview of the University's financial position at June 30, 2024, with selected comparative information for the years ended June 30, 2023 and 2022. The MD&A should be read in conjunction with the accompanying financial statements and notes.

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Financial Highlights

At June 30, 2024, Eastern Kentucky University's financial position increased as reflected in the Statement of Net Position.

- Total assets decreased by $750 thousand to $660.2 million at June 30, 2024, compared to $660.9 million at June 30, 2023. The major factor affecting this was a decrease in restricted cash and cash equivalents offset by an increase in capital assets not being depreciated.

- Deferred outflows decreased by $13.8 million to $51.4 million at June 30, 2024, compared to $65.2 million at June 30, 2023. The decrease is attributed to a decrease in deferred outflows related to pensions.

- Overall liabilities decreased by $35.4 million to $483.3 million at June 30, 2024, compared to $518.7 million at June 30, 2023. This decrease is the result of a $7.7 million decrease in bonds payable and a $23.5 million decrease in Net Pension Liability.

- Deferred inflows decreased by $4.1 million to $96.6 million at June 30, 2024, compared to $100.7 million at June 30, 2023. The decrease is attributed primarily to a decrease in KERS/KTRS pensions.

- Total net position at June 30, 2024 increased $25.0 million to $131.7 million, compared to $106.7 million at June 30, 2023.

Using the Annual Report

This annual report consists of a series of financial statements that have been prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements consist of Statements of Net Position as of June 30, 2024 and 2023, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows for the fiscal years then ended. These statements reflect both the financial position of the University as of the end of the 2024 and 2023 fiscal years, as well as the results of operating and nonoperating activities and cash flows. Also included are the financial statements for the Foundation, which are presented in this report in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*.

Reporting Entity

The University is a component unit of the Commonwealth of Kentucky (the "Commonwealth").

Statement of Net Position

The Statement of Net Position provides a snapshot of the financial position of the University at the end of the fiscal year. In this statement, assets and liabilities are segregated into their current and noncurrent components with net position reported as capital, restricted, or unrestricted. Unrestricted net position is further designated for specific purposes as noted in this discussion and in the notes to the financial statements.

(Continued)

Assets – Total assets at June 30, 2024, decreased to $660.2 million compared to $660.9 million at June 30, 2023.

Cash and Cash Equivalents – Total cash and cash equivalents at June 30, 2024, totaled $71.8 million; $26.5 million less than the June 30, 2023, level of $98.3 million. This decrease is attributable to a decrease of both non-restricted cash and cash equivalents of $5.1 million and restricted cash of $21.4 million.

Investments – The Foundation holds and manages investments owned by the University. At June 30, 2024, the market value of investments held by the Foundation on behalf of the University was $24.8 million compared to $22.9 million at June 30, 2023, an increase of $1.9 million.

Capital Assets – The historical cost, less accumulated depreciation, of the University's capitalized assets was $533.8 million as of June 30, 2024, a net increase after depreciation of $31.5 from the $502.3 million balance at June 30, 2023. Depreciation expense for the fiscal year totaled $26.8 million. This total of capital assets included RTU Assets net of accumulated amortization of $439 thousand and $691 thousand as well as RTU SBITA Assets net of accumulated amortization of $4.7 million and $6.9 million for 2024 and 2023, respectively.

Other Asset Categories – The balances in the various other asset categories at June 30, 2024, compared to June 30, 2023 included accounts receivable (net of allowance) which decreased in total by $7.3 million; loans to students, which decreased in total by $363 thousand; inventories, which increased by $165 thousand; and prepaid interest, which decreased in total by $204 thousand.

Deferred Outflows – The deferred outflows for the year ended June 30, 2024, totaled $51.4 million and represent the unamortized deferred refunding balance of bonds, as well as the contributions to the KTRS and KERS pension and KTRS and KERS OPEB. This is a decrease of $13.8 million from the June 30, 2023 balance of $65.2 million. This decrease is primarily attributable to a decrease in KTRS pension contributions.

Liabilities – Total liabilities at June 30, 2024, were $483.3 million compared to $518.7 million at June 30, 2023. This decrease of $35.4 million is primarily attributable to a decrease in Bonds Payable from fiscal year 2024 of $7.7 million, as well as a decrease in Pension Liabilities of $23.5 million related to KTRS and KERS pension and KTRS and KERS OPEB.

Bonds Payable and Finance Lease Obligations – In total, bonds payable and finance lease obligations decreased by $9.7 million as of June 30, 2024, compared to June 30, 2023. At June 30, 2024, the total bonds payable and finance lease obligations were $161.8 million versus $171.5 million at June 30, 2023. This decrease is attributable to principal payments made on the bonds and RTU SBITA lease liabilities.

Other Liability Categories – At June 30, 2024, the balances in various other liability categories decreased by $2.1 million to $48.4 million compared to $50.5 million at June 30, 2023. The majority of the balances in this category are comprised of accounts payable, interest payable, payroll/benefits liabilities, external contracts and grants, and unearned revenues associated with tuition and fees billed in June 2024, for summer school classes, as well as unearned revenues associated with the Case Dining Hall agreement.

Deferred Inflows –The deferred inflows for the year ended June 30, 2024, totaled $96.6 million and represent the KTRS and KERS pension, KTRS and KERS OPEB, as well as a Service Concession for Housing projects constructed as part of the P3 initiative on campus. This decrease of $4.1 million is compared to the June 30, 2023 deferred inflows balance of $100.7 million.

(Continued)

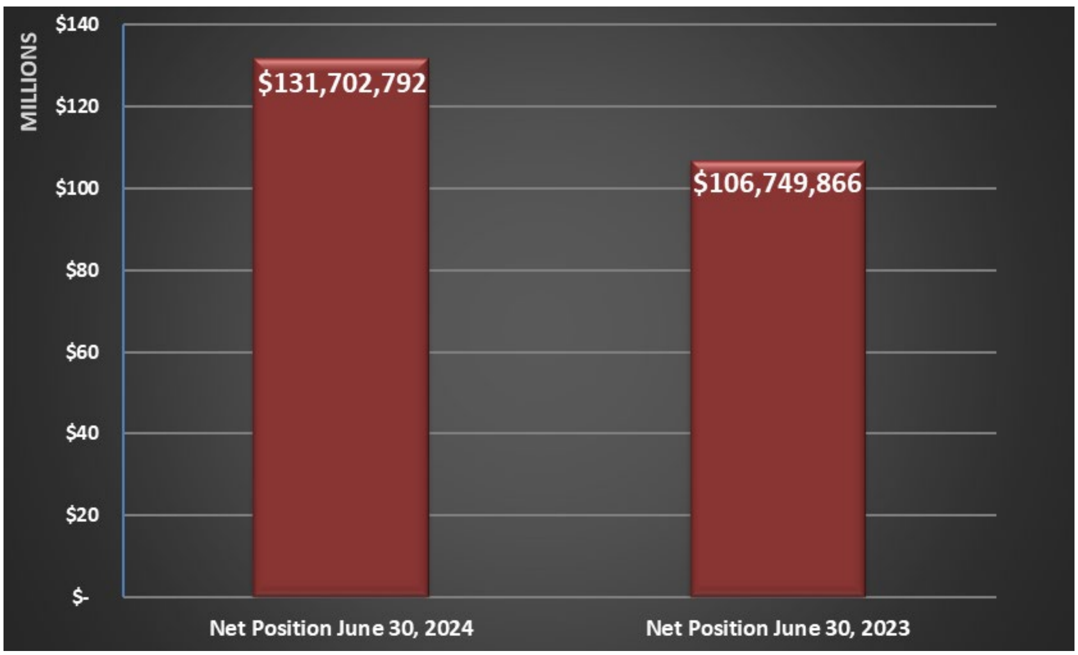
Net Position – Total Net Position at June 30, 2024, was $131.7 million; an increase of $25.0 million from net position of $106.7 million at June 30, 2023.

Net Investment in Capital Assets – Net position invested in capital assets increased by $46.6 million as of June 30, 2024 to $293.8 million compared to the June 30, 2023, level of $247.2 million.

Restricted Net Position – In total, restricted net position decreased by $25.8 million to $56.3 million at June 30, 2024, compared to $82.1 million at June 30, 2023. The net decrease is primarily attributable to the decrease in restricted expendable for capital projects of $27.5 million.

Unrestricted Net Position – Unrestricted net position increased by $4.1 million to $(218.4) million at June 30, 2024, compared to the June 30, 2023 unrestricted net position of $(222.5) million. This increase is primarily attributable to the KTRS and KERS pension expense adjustments.

The chart below illustrates the net position for the years ended June 30, 2024 and 2023:



Unrestricted Net Position

A portion of net position is considered unrestricted. The unrestricted net position may be designated for certain uses, but does not have formal governmental, donor, or other restrictions. The balances for unrestricted net position (in thousands) at June 30 are shown below with the respective designations indicated.

	2024	2023	2022 (Restated)
Inventories	$ 405	$ 325	$ 426
Outstanding encumbrances	991	1,576	895
Departmental commitments	5,575	6,991	4,079
Designated projects and contingency reserves	35,005	33,434	46,186
Health care self-insurance reserve	3,000	3,000	3,000
Auxiliary working capital	(7,545)	(1,025)	2,082
University capital projects	1,000	1,000	1,000
KTRS pension	(89,563)	(84,344)	(94,163)
KERS pension	(136,424)	(143,038)	(124,902)
KTRS OPEB	(19,950)	(21,651)	(22,614)
KERS OPEB	(10,909)	(18,800)	(26,642)
Total unrestricted net position	$ (218,415)	$ (222,532)	$ (210,653)

The following are the major components reflected in the Statements of Net Position (in thousands):

	2024	2023	2022 (Restated)
ASSETS			
Current assets	$ 70,425	$ 82,958	$ 90,737
Capital assets – net	533,879	502,342	500,626
Other noncurrent assets	55,864	75,618	32,474
Total assets	$ 660,168	$ 660,918	$ 623,837
DEFERRED OUTFLOWS			
Unamortized deferred refunding balance	$ 25	$ 46	$ 76
KTRS/KERS pensions	34,588	40,708	74,647
KTRS/KERS OPEB	16,769	24,458	18,144
Total deferred outflows	$ 51,382	$ 65,212	$ 92,867
LIABILITIES			
Current liabilities	$ 41,119	$ 40,309	$ 41,370
Noncurrent liabilities	442,143	478,377	420,748
Total liabilities	$ 483,262	$ 518,686	$ 462,118
DEFERRED INFLOWS			
Service concession - housing	$ 54,516	$ 56,886	$ 59,256
Other deferred inflows	6,970	7,458	7,970
KTRS/KERS pensions	9,476	9,523	48,437
KTRS/KERS OPEB	25,624	26,827	27,692
Total deferred inflows	$ 96,586	$ 100,694	$ 143,355

(Continued)

	2024	2023	2022 Restated
NET POSITION			
Net investment in capital assets	$ 293,828	$ 247,218	$ 285,940
Restricted – expendable	43,957	69,731	23,610
Restricted – nonexpendable	12,333	12,333	12,333
Unrestricted	(218,415)	(222,532)	(210,652)
Total net position	$ 131,703	$ 106,750	$ 111,231

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position reflect the operating, nonoperating, and capital revenues and expenses of the University. The increase in total net position is a result of these activities.

Operating Results – As indicated in the Statement of Revenues, Expenses, and Changes in Net Position, there was a net loss of $(143.8) million from operations for the fiscal year ended June 30, 2024, prior to consideration of state appropriations and other net nonoperating revenues. This is compared to a loss of $(156.9) million from operations for the fiscal year ended June 30, 2023.

Operating Revenues

Below is a summary of operating revenues for fiscal year 2024 as compared to fiscal years 2023 and 2022 (Restated):

	Year ended June 30, (in thousands)		
	2024	2023	2022 (Restated)
Tuition and fees	$ 166,156	$ 154,321	$ 148,360
Scholarships and discounts	(80,520)	(73,245)	(66,186)
Net tuition and fees	85,636	81,076	82,174
Grants and contracts	28,039	26,108	28,605
Other revenues	17,847	20,036	13,460
Total education and general fund	131,522	127,220	124,239
Auxiliaries	35,404	29,415	27,996
Scholarships and discounts	(13,305)	(9,400)	(5,018)
Net auxiliaries	22,099	20,015	22,978
Total operating revenues	$ 153,621	$ 147,235	$ 147,217

Tuition and Fees – Income from student tuition and fee assessments, shown net of the tuition discount, was $85.6 million for the fiscal year ended June 30, 2024, compared to $81.1 million for the fiscal year ended June 30, 2023. The increase of $4.5 million in net tuition and fees reflects principally an increase in gross tuition and fee revenue during the year ended June 30, 2024.

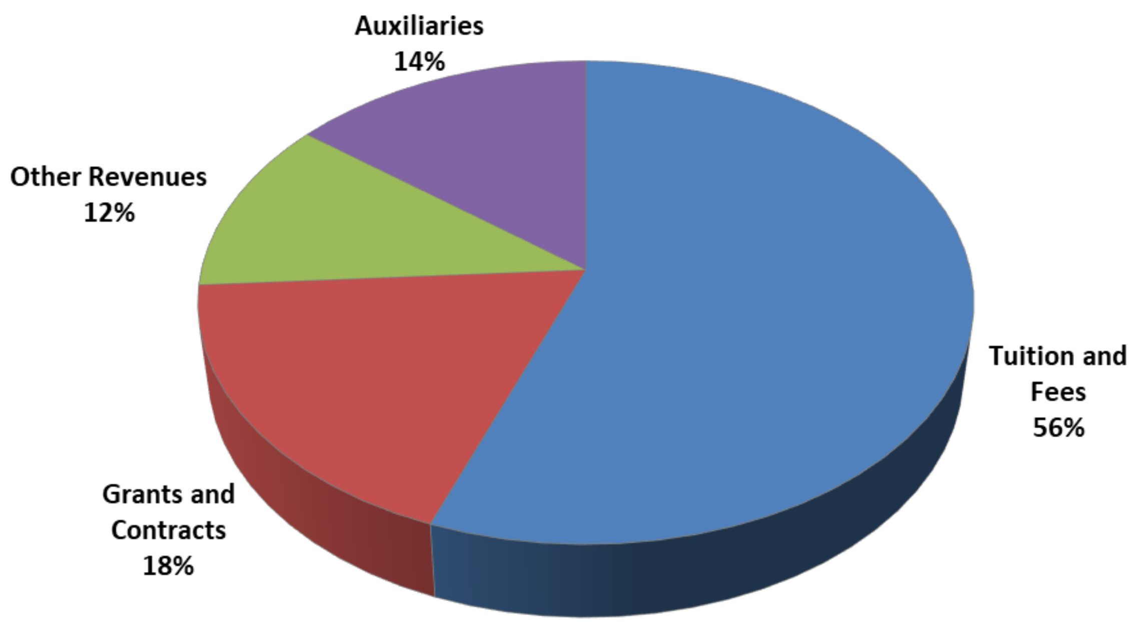
(Continued)

Grants and Contracts – For the fiscal year ended June 30, 2024, there was $28.0 million recognized revenue from all grants and contracts compared to $26.1 million for the year ended June 30, 2023; an increase of $1.9 million. Revenues recognized from external grants and contracts can vary significantly from one fiscal year to the next given variations in new awards, awards ending their grant cycle, and amounts recognized for activities occurring in a given year.

Auxiliaries – Auxiliary enterprises consist of University functions provided for the academic and physical well-being of students. While these functions are not directly related to providing educational services, they are important for student convenience and support. Like tuition and fees, housing revenues are reported net of scholarships and financial aid that directly offset these costs to students. In the Statements of Revenues, Expenses, and Changes in Net Position, $22.1 million is reported for net auxiliary revenues for the year ended June 30, 2024, compared to $20.0 million for the year ended June 30, 2023. The majority of auxiliary revenues for both fiscal years is attributable to student residence hall fees.

Other Operating Revenues – Revenues in the various categories that make up other operating revenues can vary widely from year to year when unexpected revenues come into the University. For the fiscal year ended June 30, 2024, total other operating revenues were $17.8 million compared to $20.0 million for June 30, 2023, a decrease of $2.2 million.

Source of Operating Revenues – Fiscal Year 2024



Operating Expenses

Educational and General – Educational and general expenses are those expenditures associated with both academic instruction and support of the educational mission of the University. These include expenditures related to both operational activities and those activities where funding is restricted for specific purposes, such as external contracts and grants. Educational and general expenditures include instructional costs, expenditures related to public service, academic support services such as libraries, student services including health services and student activities, administrative costs for the University, the maintenance and operation of the University's physical facilities, financial and scholarship expenses not directly related to tuition or housing, and debt service expenditures. For the fiscal year ended June 30, 2024, educational and general expenditures totaled $280.8 million compared to $282.6 million for the fiscal year ended June 30, 2023; a decrease of $1.8 million.

Auxiliaries – As indicated above, auxiliary enterprises are essential student service activities that do not directly impact educational and general operations. The total auxiliary expenditures for the year ended June 30, 2024, were $27.6 million, compared to $22.1 million for the year ended June 30, 2023.

Below is a summary of operating expenditures for fiscal year 2024, compared to fiscal years 2023 and 2022 (Restated):

	Year ended June 30, (in thousands)		
	2024	2023	2022 (Restated)
Instruction, academic support and libraries	$ 113,885	$ 112,985	$ 107,748
Research and public service	14,855	16,957	21,129
Student services	27,221	23,811	20,626
Institutional support and operations and maintenance of plant	74,014	77,661	71,405
Student financial aid	23,650	23,849	35,021
Depreciation	26,810	26,847	26,194
Other operation expenses	343	531	1,341
Total educational and general expenses	280,778	282,641	283,464
Auxiliaries	27,603	22,053	19,277
Pension expense adjustments	(1,395)	8,317	(43,122)
OPEB expense adjustments	(9,592)	(8,805)	(5,745)
Total operating expenses	$ 297,394	$ 304,206	$ 253,874

Instruction, Academic Support, and Libraries – The total expenditures of these three areas, which directly relate to teaching, academic, and faculty support, increased $900 thousand to $113.9 million for the year ended June 30, 2024, compared to $113.0 million for the year ended June 30, 2023.

Research and Public Service – Expenditures in these categories are primarily related to external contracts and grants activity. These activities can vary significantly from year to year due to both timing of awards and project completions. For the fiscal year ended June 30, 2024, total expenditures related to research and public service was $14.9 million, compared to $17.0 million for the fiscal year ended June 30, 2023; a decrease of $2.1 million.

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Student Services – Expenditures for student services for fiscal year 2024 were $27.2 million compared to $23.8 million in fiscal year 2023, an increase of $3.4 million. The student services function includes expenditures for many activities contributing to student development outside the instructional setting.

Institutional Support and Operations and Maintenance of Plant – These functions provide physical and administrative support for the University and include administrative offices, physical plant operations, noncapital maintenance expenses, utility expenses, technology support, legal, property and liability insurance, and other similar operational support costs. For the fiscal year ended June 30, 2024, the expenditures for these areas totaled $74.0 million compared to a $77.7 million for the year ended June 30, 2023; a decrease of $3.7 million.

Student Financial Aid – Tuition and fees, as well as certain auxiliary revenues, are shown net of financial aid from all sources directly awarded to fund those respective areas. As a result, the financial aid expense shown on the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years highlighted is relatively low in relationship to the total amounts expended for financial aid both from governmental sources and institutional sources. For fiscal year 2024, the total financial aid expenditure was $117.5 million compared to $106.5 million for fiscal year 2023, an increase of $11.0 million as shown in the table on the following page.

Pension Expense Adjustments – Upon adoption of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, the University reports Pension Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2024, the University recorded $(1.4) million of Pension Expense Adjustments. This is a $9.7 million decrease from the fiscal year ending June 30, 2023 Pension Expense Adjustments of $8.3 million. These expense adjustments do not include actual contributions to the plan.

OPEB Expense Adjustments – Upon adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the University reports OPEB Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2024, the University recorded $(9.6) million of OPEB Expense Adjustments. For the fiscal year ending June 30, 2023, the University recorded $(8.8) million of OPEB Expense Adjustments. These expense adjustments do not include actual contributions to the plan.

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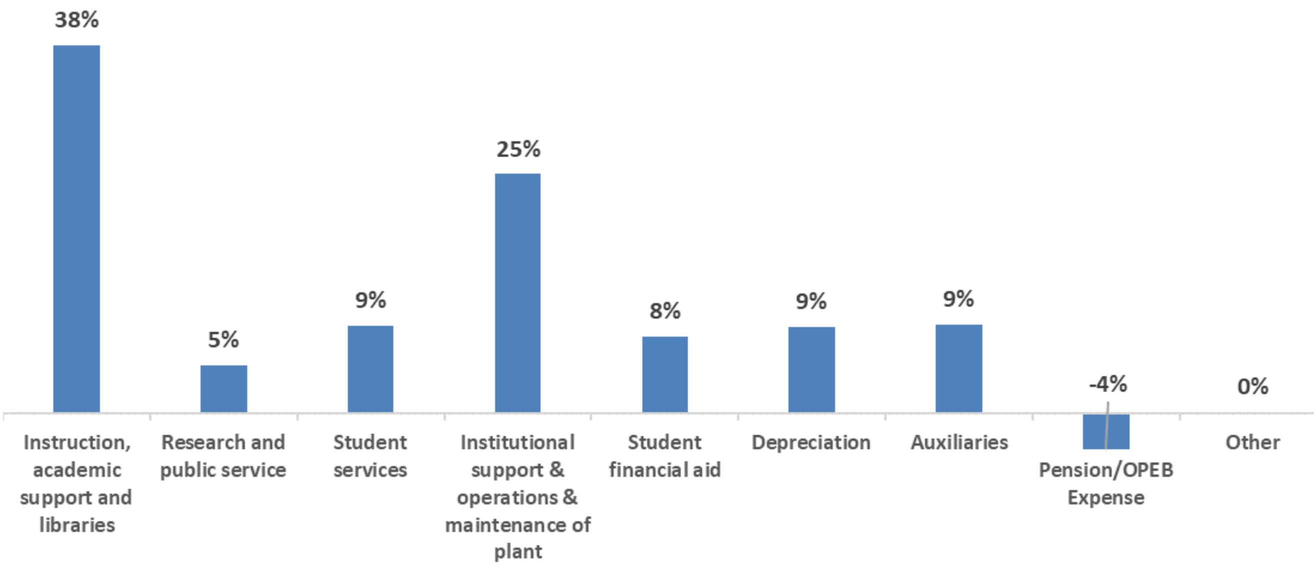
Major Areas of Operating Expense – Fiscal Year 2024



Student financial aid expense reported on the Statement of Revenues, Expenses, and Changes in Net Position reflect the residual financial aid paid directly to the students. The student financial aid expense for the year ended June 30, 2024, was $23.6 million, a decrease of $200 thousand compared to $23.8 million for the year ended June 30, 2023.

The information below shows the gross dollars associated with financial aid support:

	Year ended June 30, (in thousands)		
	2024	2023	2022
Tuition and fee discount	$ 80,520	$ 73,245	$ 66,186
Auxiliary enterprises discount	13,305	9,400	5,018
Student financial aid expense	23,650	23,849	35,021
Total student financial aid expense	$ 117,475	$ 106,494	$ 106,225

Non-Operating Revenues/Expenses

State Appropriations – Funding from state appropriations for operations and debt service for the fiscal year ended June 30, 2024 was $76.7 million. This was a decrease of $2.8 million from the prior year ended June 30, 2023 amount of $79.5 million.

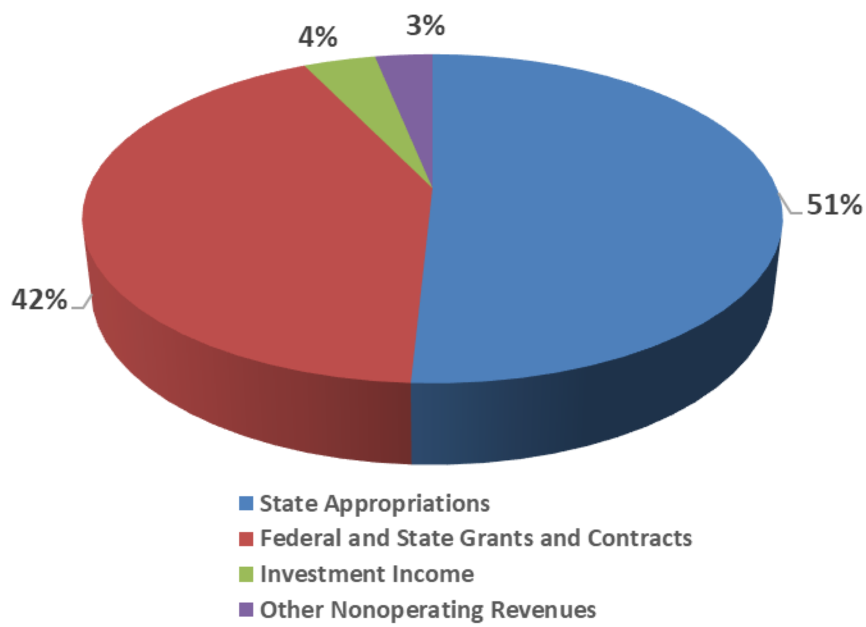
Investment Income – Total investment income for the fiscal years ended June 30, 2024 and 2023, was $6.0 million and $5.3 million, respectively; an increase of $754 thousand.

Federal and State Grants and Contracts – Total federal and state grant revenue for the fiscal year ended June 30, 2024, was $63.4 million, compared to the $65.8 million from fiscal year 2023. This was a decrease from prior year revenue of $2.4 million.

Other Non-Operating Revenues – Other non-operating revenues totaled $4.8 million for the year ended June 30, 2024, equal compared to $4.8 million from the prior year ended June 30, 2023. This is the revenue recognized for Case Dining each year.

Other Non-Operating Expenses – Other non-operating expenses totaled $0 for the year ended June 30, 2024, a decrease of $872 thousand compared to $872 thousand from the prior year ended June 30, 2023.

Major Sources of Non-Operating Revenues – Fiscal Year 2024



Capital Support – For the year ended June 30, 2024, the University received funds from the Commonwealth totaling $25.3 million for new capital projects compared to $5.0 million from the prior year ended June 30, 2023. This increase included funds received from the Commonwealth primarily for Asset Preservation Funding.

The following are the major components reflected in the Statements of Revenues, Expenses, and Changes in Net Position (in thousands):

	Year ended June 30, (in thousands)		
	2024	2023	2022 (Restated)
Operating revenues	$ 153,621	$ 147,235	$ 147,217
Operating expenses	297,394	304,206	253,875
Operating loss	(143,773)	(156,971)	(106,658)
Nonoperating revenues – net	143,450	147,468	138,015
Gain (loss) before capital appropriations	(323)	(9,503)	31,357
Capital appropriations	25,276	5,022	-
Change in net position	24,953	(4,481)	31,357
Net position – beginning of year	106,750	111,231	79,874
Net position – end of year	$ 131,703	$ 106,750	$ 111,231

Statements of Cash Flows

The Statements of Cash Flows provides information related to cash sources and uses during the fiscal year. The Statement focuses on three areas: cash generated and utilized from operations; noncapital and capital financing activities; and investing activities. Additionally, there is a reconciliation section in the Statement whereby the net cash used in operations is reconciled to the loss from operations reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

The following is summary information (in thousands) from the Statements of Cash Flows:

	Year ended June 30, (in thousands)		
	2024	2023	2022 (Restated)
Cash provided by (used in)			
Operating activities	$ (122,670)	$ (141,027)	$ (131,999)
Noncapital financing activities	143,146	147,404	146,155
Capital and related financing activities	(50,931)	17,878	(31,496)
Investing activities	3,951	2,875	(1,159)
Net change in cash and cash equivalents	(26,504)	27,130	(18,499)
Cash and cash equivalents – beginning of year	98,350	71,220	89,719
Cash and cash equivalents – end of year	$ 71,846	$ 98,350	$ 71,220

Capital Asset and Debt Administration

During fiscal years 2024 and 2023, the following projects were completed by the University:

	Year ended June 30, (in thousands) 2024	2023
Steam Line 1000 ft Replacement	$ 37	$ -
Divine Nine Campus Plot	46	-
Coates ADA Stage Lift	48	-
University Building Window Replacement	79	-
RCF 2723 Telford Hall Electrical Upgrade	80	-
Composting Grant	145	-
Campbell Cooling Tower Replacement	146	-
Crabbe Library Complex Cooling Tower Replacement	149	-
Wallace Building Renovation	155	-
Gentry Fence Replacement with Gate	169	-
Coates Elevator Modernization	180	-
Perkins Cooling Tower Replacement	185	-
Keen Johnson Chiller Replacement	189	-
Donovan Annex Hot Water Boiler Replacement	199	-
Model Lab Hot Water Boiler Replacement	209	-
Fitness & Wellness Chiller Replacement	212	-
Wallace Cooling Tower Replacement	268	-
Perkins Heat Machine Replacement	272	-
Whitlock Cooling Tower Replacement	276	-
Burrier Chiller Replacement	300	-
Donovan/Model Chiller Replacement	318	-
Wallace Chiller Replacement	334	-
Crabbe Library Complex Chiller Replacement	347	-
Combs Bldg Lower Main Roof Replacement	358	-
Burrier Elevator Modernization	365	-
Kit Carson Drive Raised Cross Walk	377	-
Business & Tech Chiller Replacement	484	-
Wallace Elevator Modernization	645	-
Giles Gallery Renovation	1,121	-
Whitlock First Floor Renovation	1,315	-
Wallace Air Handlers & Controls	1,798	-
One Room School House HVAC	-	29
Arlington Mansion HVAC Replacement	-	43
Burrier Stone Wall Patio	-	69
Whitlock Auditorium State Drape Replacement	-	78
Sullivan Boiler/DA Tanks Replacement	-	79
Arlington Pro Shop HVAC Replacement	-	86
Clay Hall Boiler/DA Tanks Replacement	-	91
RCF2846 Central KY Regional Airport Modular Building	-	140
Sand Volleyball Court	-	546
RCF 1987 Begley Building Sewer Lift Station	-	683
Rowlette Roof Replacement	-	712
Powell Building Roof Replacement	-	825
Total	$ 10,806	$ 3,381

(Continued)

The following projects were still in process at June 30, 2024 (in thousands):

	Total Expenditures Through June 30, 2024	Estimated Cost to Complete at June 30, 2024
Coates Roof Replacement/Carpet Repair	$ 63	$ 1
McGregor Hall Demo	4	3
APFRCF3548 Alumni Coliseum Roof Replacement	6	994
Coates Bldg – Façade Repairs (Phase 1)	17	1
Cammack Cooling Tower/Chiller Relocation	18	336
Summit Street Sidewalk & Lighting	22	514
Madison Co. Airport Flight School Construction	23	4,884
Keen Johnson Electrical Gear Replacement	30	786
Coates Lower Level Renovation	39	1,963
RCF Noel Studio HVAC Replacement	44	15
Clay Hall Shower Pan Replacement	64	147
RCF 3461 Center for the Arts – Jane Statue	66	270
RCF 3497 Cammack Elevator Repair/Replacement	94	131
Burrier Exterior Repairs	104	1,370
Begley Structural Study	112	44
Lancaster Ave Water Main Line Redirected	144	1,116
Coates Exterior/Interior Repairs (Phase 2)	165	69
Palmer Hall MEP Upgrade	175	265
RCF Begley Exterior	240	446
Heat Plant Boiler Control Upgrade	317	45
Whitlock Hot Water Boiler (2) Replacement	357	24
Whitlock Elevator Modernization	384	16
Grand Campus FOB System Replacement	668	1
Combs Elevator Modernization	910	55
Construct New Model Lab School	1,017	148,083
Heat Plant Boiler 5 Installation	1,160	46
Heat Plant Roof Replacement	1,228	3,985
Burnam Hall MEP Upgrade	1,458	11,983
RCF 2798 Powell Plaza Rejuvenation	1,492	1,161
Mattox Return to Res Hall	3,151	74
Steam line Upgrades	4,829	6,737
RCF 1711 Bypass Pedway	5,367	718
Alumni Coliseum Renovation	11,364	41,771
Keene Hall MEP Upgrade	34,029	4,994
Total	$ 69,161	$ 233,048

Long-term debt at June 30, 2024, was \$161.8 million compared to a \$171.5 million at June 30, 2023. The \$9.7 million decrease is the result of the decrease to bonds payable for payments of principal owed on bonds in fiscal year 2024, as well as a decrease of the RTU Lease Liability and RTU SBITA, offset by a new finance lease recorded for 2024.

(Continued)

Economic and Other Factors Impacting Future Periods

The following is a brief discussion of economic and other factors that could have an impact on the University in the future:

- Funds received via the Higher Education Emergency Relief Fund (HEERF) have now been fully utilized, replacing lost revenue resulting from the COVID-19 pandemic. This federal assistance has been greatly beneficial to the University and has significantly negated any negative financial impact to the University. Currently, we do not anticipate any future HEERF funding.

- The level of state-appropriated funds received by the University will continue to be a major factor in the future of the University. State-appropriated funds represent about 24 percent of the University's education and general budget.

- In addition to the state appropriation, the balance of the University's education and general budget must come from other sources, primarily student tuition revenue. The Council on Postsecondary Education determines a ceiling on annual tuition increases at state universities, which may limit the ability of the University to generate additional tuition revenues. Improving student access and opportunity to obtain a college education for our students remains vitally important to Eastern. Accordingly, with every tuition increase, there must be a corresponding focus and analysis of financial aid available to our students.

- The various campus facility improvements that have been completed over the last several years are enhancing student success and transforming the living and learning experiences for our students. The pedway crossing the bypass, which is the last remaining major project in the Center for Student Life initiative, was substantially complete at June 30, 2024, and University received authorization from the Commonwealth to begin using the facility.

- The Performance Based Funding model has been implemented in Kentucky. The University's entire state appropriation is incorporated into the performance-funding model, with receipt of any/all state funds contingent upon performance. The budgetary and financial challenges presented by placing the University's entire state appropriation into this model are significant.

- The University's Strategic Plan, *Experience Excellence 2022-2030* has been approved by the EKU Board of Regents and has been implemented on campus. This new strategic plan is founded upon three Strategic Priorities: Knowledge, Innovation, and Transformation; and includes the Guiding Values of Inclusion and Trust.

- Given the ongoing and often conflicting pressures for revenue generation, the goal of maximizing affordability for our students, and the goal of continually strengthening our core educational mission, the University must continue to seek additional revenue from other sources. Other sources include unrestricted annual gifts, the Eastern Kentucky University Foundation, and funds generated through University research and entrepreneurial activities. The University remains committed to continuing to seek more and better ways to operate as efficiently as possible and continually reduce expenses.

- The Commonwealth's economic health is inextricably linked with the national and international economy. The latest update to the current U.S. economic outlook indicates that although economic growth is expected to initially slow, growth is then expected to pick up over the 2023-2025 period with inflation continuing to gradually decline.

(Continued)

- Finally, in addition to these economic factors currently impacting the University, the Commonwealth's current pension obligations with the Kentucky Retirement Systems (KRS) continue to weigh heavily and add uncertainty for the Commonwealth. House Bill 8, passed during the 2021 Regular Legislative Session, established a structured plan for subsidizing a portion of the University's share of its actuarial pension liability as determined by June 30, 2019, actuarial valuation. However, the University's total pension liability can still fluctuate with changes to future assumptions and methodologies established by the KRS, and the assumed rates of return utilized in the KRS actuarial calculations.

Requests for Information

This financial report is designed to provide a general overview of Eastern Kentucky University's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Interim Vice President for Finance & CFO, Eastern Kentucky University, Coates CPO 35A, 521 Lancaster Avenue, Richmond, KY 40475.

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 41,472,942	$ 46,618,912
Accounts receivable – net of allowance of $4,421,878 and $3,350,809 for 2024 and 2023	26,728,035	34,013,833
Loans to students – net of allowance of $1,343 and $1,300 for 2024 and 2023	171,395	234,285
Inventories	749,627	584,164
Prepaid expenses	1,303,296	1,507,152
Total current assets	70,425,295	82,958,346
Noncurrent Assets		
Restricted cash and cash equivalents	30,373,240	51,731,563
Investments	24,781,833	22,876,766
Loans to students – net of allowance of $5,557 and $5,600, for 2024 and 2023	709,103	1,009,035
Capital assets – net of accumulated depreciation of $402,698,032 and $378,900,739 for 2024 and 2023	446,622,199	455,378,378
RTU lease asset, net of accumulated amortization of $388,063 for 2024 and $1,637,539 for 2023	439,199	690,618
RTU SBITA asset, net of accumulated amortization of $7,243,398 and $4,576,408 for 2024 and 2023	4,686,345	6,886,378
Capital assets not being depreciated	82,130,993	39,387,334
Total noncurrent assets	589,742,912	577,960,072
Total Assets	660,168,207	660,918,418
Deferred Outflows		
Unamortized deferred refunding loss balance	25,350	45,547
KTRS/KERS pension	34,588,504	40,707,818
KTRS/KERS OPEB	16,768,531	24,458,148
Total deferred outflows	51,382,385	65,211,513
Total Assets and Deferred Outflows	$ 711,550,592	$ 726,129,931

(Continued)

	2024	2023
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	$ 11,096,777	$ 9,159,717
Accrued interest	78,787	266,914
Accrued salaries and benefits	2,819,419	3,020,512
Accrued compensated absences	3,086,788	3,025,915
Payroll withholding payable	726,097	753,587
Refundable deposits	112,647	97,480
Assets held for others	147,833	273,103
Unearned revenue	13,015,479	12,854,645
Bonds payable	7,114,857	7,682,309
Finance purchase obligations, current	863,244	671,897
RTU lease liability, current	66,366	254,425
RTU SBITA liability, current	1,990,886	2,248,032
Total current liabilities	41,119,180	40,308,536
Noncurrent Liabilities		
Unearned revenue	17,298,508	21,062,665
Bonds payable, noncurrent portion	121,171,999	128,286,856
Finance purchase obligations, noncurrent portion	26,745,946	26,832,263
RTU lease liability, noncurrent portion	386,461	449,923
RTU SBITA liability, noncurrent portion	3,437,484	5,096,900
Net pension liability	251,099,350	258,566,373
Net OPEB liability	22,003,169	38,082,513
Total noncurrent liabilities	442,142,917	478,377,493
Total liabilities	483,262,097	518,686,029
Deferred Inflows		
Service concession – housing	54,515,755	56,886,005
Deferred amount on refunding debt and other	6,969,840	7,458,260
KTRS/KERS pension	9,475,985	9,523,162
KTRS/KERS OPEB	25,624,123	26,826,609
Total deferred inflows	96,585,703	100,694,036
Net Position		
Net investment in capital assets	293,827,891	247,218,159
Restricted		
Expendable for capital projects	33,892,419	61,385,104
Expendable for scholarships	5,366,361	4,419,319
Expendable for institutional support	4,698,424	3,926,961
Unexpendable for permanent endowment	12,332,772	12,332,772
Unrestricted	(218,415,075)	(222,532,449)
Total net position	131,702,792	106,749,866
Total Liabilities, Deferred Inflows and Net Position	$ 711,550,592	$ 726,129,931

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,785,056	$ 11,708,900
Pledges receivable – net	595,778	542,587
Cash surrender value of life insurance	169,631	174,712
Total current assets	16,550,465	12,426,199
Noncurrent assets		
Investments	98,620,133	92,959,875
Pledges receivable – net	1,167,684	1,274,645
Property and equipment – net	632,528	646,652
Other noncurrent assets	61,747	61,747
Total noncurrent assets	100,482,092	94,942,919
Total Assets	$ 117,032,557	$ 107,369,118
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 38,293	$ 39,213
Due to University	1,495,300	114,462
Total current liabilities	1,533,593	153,675
Noncurrent liabilities		
Deferred gift liabilities	249,986	265,279
Assets held for others	24,781,833	22,876,766
Total noncurrent liabilities	25,031,819	23,142,045
Total Liabilities	26,565,412	23,295,720
Net assets		
Without donor restrictions		
Board designated endowment	11,584,117	11,150,498
Undesignated	1,512,684	713,354
Total net assets without donor restrictions	13,096,801	11,863,852
With donor restrictions		
Purpose restrictions	36,016,439	32,753,020
Perpetual in nature	41,353,905	39,456,526
Total net assets with donor restrictions	77,370,344	72,209,546
Total net assets	90,467,145	84,073,398
Total Liabilities and Net Assets	$ 117,032,557	$ 107,369,118

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Tuition and fees – net	$ 85,635,771	$ 81,076,308
Federal grants and contracts	11,919,953	12,565,919
State grants and contracts	6,248,009	7,676,924
Nongovernmental grants, contracts, and gifts	9,871,113	5,864,739
Sales and services of educational activities	7,854,972	7,377,405
Auxiliary enterprises – housing	14,331,796	13,344,691
Auxiliary enterprises – other	7,767,234	6,671,127
Other operating revenues	9,991,997	12,658,148
Total operating revenues	153,620,845	147,235,261
OPERATING EXPENSES		
Educational and general		
Instruction	90,703,510	90,006,587
Research	885,169	889,150
Public service	13,970,057	16,067,897
Libraries	3,327,054	3,602,287
Academic support	19,854,800	19,375,870
Student services	27,221,342	23,811,104
Institutional support	43,435,742	44,412,997
Operations and maintenance of plant	30,578,525	33,248,147
Depreciation/amortization	21,222,404	21,360,745
Student financial aid	23,649,455	23,848,538
Auxiliary enterprises		
Housing and other auxiliaries	27,602,604	22,053,581
Depreciation/amortization	5,587,943	5,486,168
Pension expense adjustments	(1,394,886)	8,316,955
OPEB expense adjustments	(9,592,214)	(8,805,390)
Other operating expenses	342,910	531,126
Total operating expenses	297,394,415	304,205,762
Operating loss	(143,773,570)	(156,970,501)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	76,660,200	79,451,800
Federal and state grants and contracts	63,403,741	65,830,449
Investment income	6,010,617	5,256,119
Interest expense	(7,407,481)	(6,982,416)
Other nonoperating revenues	4,783,153	4,783,153
Other nonoperating expenses	-	(871,646)
Net nonoperating revenues	143,450,230	147,467,459
Loss before capital appropriations	(323,340)	(9,503,042)
Capital appropriations	25,276,266	5,022,138
Change in net position	24,952,926	(4,480,904)
Net position – beginning of year	106,749,866	111,230,770
Net position – end of year	$ 131,702,792	$ 106,749,866

See accompanying notes to financial statements.

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	$ 65,310	$ 6,005,046	$ 6,070,356	$ 423,340	$ 6,926,056	$ 7,349,396
Income from investments – net of Investment expenses of $207,424 and $175,444 for 2024 and 2023, respectively	874,898	1,873,890	2,748,788	233,081	1,727,824	1,960,905
Net realized and unrealized gains On investments	913,588	6,164,451	7,078,039	1,053,320	4,729,742	5,783,062
Other income, net	29,912	61,774	91,686	48,944	55,862	104,806
	1,883,708	14,105,161	15,988,869	1,758,685	13,439,484	15,198,169
Net assets released from restrictions	8,944,363	(8,944,363)	-	4,986,157	(4,986,157)	-
Total revenues, gains, and other support	10,828,071	5,160,798	15,988,869	6,744,842	8,453,327	15,198,169
EXPENSES						
Support for the University	9,421,609	-	9,421,609	5,686,189	-	5,686,189
Management and general	173,513	-	173,513	246,297	-	246,297
Total expenses	9,595,122	-	9,595,122	5,932,486	-	5,932,486
Change in net assets	1,232,949	5,160,798	6,393,747	812,356	8,453,327	9,265,683
Net assets – beginning of year	11,863,852	72,209,546	84,073,398	11,051,496	63,756,219	74,807,715
Net assets – end of year	$ 13,096,801	$ 77,370,344	$ 90,467,145	$ 11,863,852	$ 72,209,546	$ 84,073,398

See accompanying notes to financial statements.

	2024	2023
OPERATING ACTIVITIES		
Tuition and fees	$ 84,399,368	$ 81,234,798
Grants, contracts, and gifts	33,651,022	25,641,805
Payments to suppliers	(74,372,084)	(82,726,005)
Payments for utilities	(9,327,562)	(10,006,531)
Payments to employees	(122,126,493)	(118,318,821)
Payments for benefits	(50,013,197)	(49,006,990)
Payments to students	(24,511,769)	(22,693,103)
Collections of loans to students and employees	362,822	502,439
Auxiliary enterprise charges		
Residence halls	13,713,234	12,397,660
Other	7,767,234	6,671,127
Sales and services of educational activities	7,854,972	7,377,405
Other receipts	9,932,656	7,899,579
Net cash used in operating activities	(122,669,797)	(141,026,637)
NONCAPITAL FINANCING ACTIVITIES		
State appropriations	76,660,200	79,451,800
Other nonoperating revenues	66,485,565	67,951,787
Net cash provided by noncapital financing activities	143,145,765	141,403,587
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(56,740,348)	(21,544,586)
Principal paid on bonds payable, finance purchase obligations RTU lease liability, and RTU SBITA liability	(10,690,837)	(9,508,999)
Interest paid on bonds payable, finance purchase obligations RTU lease liability, and RTU SBITA liability	(8,776,060)	(8,053,530)
Proceeds on issuance of bonds payable	-	51,963,343
Capital appropriations	25,276,266	5,022,138
Net cash (used in) provided by capital and related financing activities	(50,930,979)	17,878,366
INVESTING ACTIVITIES		
Investment income (loss)	3,950,718	2,874,835
Net cash provided by investing activities	3,950,718	2,874,835
(Decrease) increase in cash and cash equivalents	(26,504,293)	27,130,151
Cash and cash equivalents – beginning of year	98,350,475	71,220,324
Cash and cash equivalents – end of year	$ 71,846,182	$ 98,350,475

(Continued)

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (143,773,570)	$ (156,970,501)
Depreciation/amortization expense	26,810,347	26,846,913
Changes in operating assets and liabilities		
Accounts receivable – net	7,285,798	(7,184,433)
Loans to students – net	362,822	502,439
Inventories	(165,463)	(157,999)
Prepaid expenses	203,856	151,969
RTU lease assets	251,419	532,443
RTU SBITA assets	2,200,033	1,278,656
Accounts payable	1,191,280	(1,624,307)
Accrued liabilities	(167,710)	(2,606,272)
Contingent liability	-	(1,000,000)
Refundable deposits	15,167	(1,655)
Assets held for others	(125,270)	(19,878)
Unearned revenue	(3,603,324)	1,173,200
RTU lease liabilities	(251,521)	(529,259)
RTU SBITA liabilities	(1,916,562)	(929,518)
Deferred outflows – KTRS/KERS Pension	6,119,314	33,938,880
Deferred outflows – KTRS/KERS OPEB	7,689,617	(6,313,952)
Deferred inflows – KTRS/KERS Pension	(47,177)	(38,913,525)
Deferred inflows – KTRS/KERS OPEB	(1,202,486)	(865,750)
Net pension liability	(7,467,023)	13,291,600
Net OPEB liability	(16,079,344)	(1,625,688)
Net cash flows used in operating activities	$ (122,669,797)	$ (141,026,637)
Supplemental cash flows information		
Capital asset acquisitions in accounts payable	$ (745,778)	$ (2,900,609)

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Eastern Kentucky University (the "University") is a regional, coeducational, public institution of higher education offering general and liberal arts programs, pre-professional and professional training in education and various other fields at both the undergraduate and graduate levels. Located in Richmond, Kentucky, the University has a distinguished record of over eleven decades of educational service to the Commonwealth of Kentucky (the "Commonwealth").

Reporting Entity – The University is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth. The University's financial statements, as defined by Statement No. 14 and amended by Statement No. 61 of the Governmental Accounting Standards Board ("GASB"), include the financial operations and financial position of Eastern Kentucky University Foundation, Inc. (the "Foundation"), which is a corporation formed for educational, charitable and public purposes in accordance with the provisions of KRS 273.010 and a discretely presented component unit of the University. Specifically, it was founded to cooperate with the University and with the Board of Regents of the University (the "Board") in the promotion of the educational, civic, and charitable purpose of the University and Board in any lawful manner deemed appropriate by the Board. This purpose includes the encouragement of scholarship and research, the promotion of the prestige, expansion, and development of the University, including the development of its physical plant, its faculty and the assistance of its students and alumni. Certain officers of the Foundation are also officers of the University. The Foundation is included in the University's financial statements as a component unit as it is organized exclusively to benefit the University by generating funding and performing the University's development activities. The separate financial statements of the Foundation can be obtained by written request to the Eastern Kentucky University Foundation, Jones 324 Coates CPO 19A, 521 Lancaster Avenue, Richmond, Kentucky 40475.

Basis of Accounting and Presentation – The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in the preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Investment income and interest expense from government-mandated nonexchange transactions that are not program specific (such as state appropriations) are included in nonoperating revenues and expenses.

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 and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in Net Position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents – The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Funds held by the Commonwealth are considered cash equivalents and are carried at cost, which approximates market value.

Restricted Cash and Cash Equivalents – Restricted cash is restricted for the purchase of capital assets.

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income – Investments in equity and debt securities are carried at fair value determined using quoted market prices. Investments in nonnegotiable certificates of deposit, money market accounts, and repurchase agreements are carried at cost, which approximates market value. Amounts due for debt service in the upcoming year represent short-term investments; all other investments are classified as long-term.

The University's investments held with the Foundation are governed by the Foundation's investment policies that determine permissible investments by category. The holdings include U.S. and foreign equity securities as well as alternative investments.

Investment income consists of interest and dividend income, realized gains and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable – Accounts receivable consist primarily of tuition and fee charges to students, charges for auxiliary enterprise services provided to students, faculty and staff and receivables from federal, state and private agencies for grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Estimated uncollectible amounts are determined by considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the condition of the general economy and the industry as a whole.

Loans to Students – The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories are stated at the lower of cost or market determined on the first-in, first-out method.

Capital Assets – Capital assets are recorded at cost at the date of acquisition. Gifts are recorded at acquisition value at the date of donation. The University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expenses are incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the assets; generally, 40 years for buildings, 15–20 years for land improvements, 25 years for infrastructure, 10 years for library books, and 3–15 years for equipment.

Costs incurred during the construction of capital assets are recorded as construction in progress and are not depreciated until placed into service.

Compensated Absences – University employees begin to accumulate annual vacation allocations from the beginning date of employment; however, accrued vacation is not granted until three months of employment have been completed. The maximum accumulation of vacation leave is limited to the number of days that can be accumulated in one year, based on the length of service. Employees are paid their accumulated vacation upon termination, subject to certain limitations.

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

University policy permits most employees to accumulate vacation that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized when vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay in effect and related benefit costs at the Statement of Net Position date.

Right to Use SBITA Assets and SBITA Liability – The University recognizes a subscription liability for Subscription-Based Information Technology Arrangements (SBITA) with an initial, individual value of $15,000 or more. At the commencement of the contract, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for any payments made to the SBITA vendor before commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the asset's useful life.

Key estimates and judgments related to leases include how the University determines (a) the discount rate it uses to discount the expected subscription payments to present value, (b) subscription term, and (c) subscription payments. The University uses the interest rate charge by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the contract. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The University monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Unearned Revenue – Unearned revenue represents student fees, advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements, and construction costs for a building provided by the University's dining partner.

Pensions and Other Postemployment Benefits (OPEB) – For purposes of measuring the net pension and OPEB liabilities, deferred outflows and inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement system (KTRS) and the Kentucky Employees Retirement System (KERS) and additions to /deductions from KTRS' and KERS' fiduciary net position have been determined on the same basis as they are reported by KTRS and 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.

Deferred Outflows and Inflows of Resources – Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of the unamortized deferred refunding loss balance and pension and OPEB related unamortized balances. Deferred inflows consist of the KTRS and KERS pension and OPEB related unamortized balances as well as amounts related to service concession arrangements.

(Continued)

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position – Under the provisions of GASB Statement No. 63, resources of the University are classified for accounting and reporting purposes into the following net position categories:

Net investment in Capital Assets: Represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to the acquisition, construction, or improvement of those assets.

Restricted – Expendable: Represents resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – Unexpendable: Represents resources the University is legally or contractually obligated to retain in perpetuity.

Unrestricted: The unrestricted component of net position represents assets, deferred outflows, liabilities and deferred inflows whose use by the University is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board. Substantially all unrestricted resources are designated for academic and research programs and initiatives, capital projects and operating reserves.

Operating and Nonoperating Revenues and Expenses – Operating activities as reported on the Statements of Revenues, Expenses and Changes in Net Position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Primarily all of the University's expenses are from exchange transactions. Certain revenue streams are recorded as nonoperating revenues, as required by GASB standards, including state appropriations, federal Pell grant revenue, gifts and investment income. In addition, interest expense is shown as a nonoperating expense.

Release of Restricted Resources – When an expense or outlay is incurred for which both restricted and unrestricted resources are available, the University's policy is to allow each departmental unit the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Scholarship Discounts and Allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and on housing for the years ended June 30, 2024 and 2023 were $80,519,782 and $73,244,947 and $10,548,351 and $9,358,407, respectively. Payments made directly to students are presented as student financial aid expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncements – During fiscal year 2024, the University adopted the following accounting pronouncements:

- GASB Statement No. 99, *Omnibus 2022*, effective for periods beginning after June 15, 2022. There was no impact on the University's financial statements as a result of the implementation of this standard.

- GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, effective for periods beginning after June 15, 2023. There was no impact on the University's financial statements as a result of the implementation of this standard.

Recent Accounting Pronouncements - As of June 30, 2024, the GASB has issued the following statements not yet implemented by the University.

- GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023.

- GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024.

- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025.

The University's management has not yet determined the effect these statements will have on the University's financial statements.

Income Taxes - As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code, as amended, and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

COVID-19 Federal Funding – As a result of the COVID-19 pandemic, the University received federal COVID relief funding through the Higher Education Emergency Relief Fund (HEERF) and Governor's Emergency Education Relief (GEER) Fund totaling $65,359,150, of which $0 and $11,102,744, respectively, was expended and recognized as revenue during the years ended June 30, 2024 and 2023. All federal direct COVID funded programs at the University ended in May 2023.

Subsequent Events – In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through November 4, 2024, the date the financial statements were available to be issued.

(Continued)

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN

The Commonwealth treasurer requires that all state funds be insured by the Federal Deposit Insurance Corporation ("FDIC"), collateralized by securities held by the cognizant Federal Reserve Bank or invested in U.S. government obligations. The University's deposits with the Commonwealth treasurer are pooled with funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Commonwealth treasurer may determine, in the state's name.

The University requires that balances on deposits with financial institutions to be insured by the FDIC or collateralized by securities held by the cognizant Federal Reserve Bank, in the University's name.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. As a means of limiting its exposure to losses from custodial credit risk, the University's deposits and investments are held by the Commonwealth treasurer, collateralized by securities in the University's name, and insured by the FDIC or in the University's name.

Deposits as of June 30, 2024 and 2023 consisted of:

	2024	2023
Depository accounts		
Local bank deposits – collateral held as a pledge in the University's name	$ 45,436,411	$ 36,079,856
Cash on hand	19,922	19,952
State investment pool – uninsured and uncollateralized	26,389,849	62,250,667
Total deposits	$ 71,846,182	$ 98,350,475

Deposits at June 30, 2024 and 2023 as presented on the Statement of Net Position include:

	2024	2023
Cash and cash equivalents	$ 41,472,942	$ 46,618,912
Restricted cash and cash equivalents	30,373,240	51,731,563
Total deposits	$ 71,846,182	$ 98,350,475

Investments at June 30, 2024 and 2023 consisted of:

	2024	2023
Restricted assets held by the Foundation	$ 24,781,833	$ 22,876,766
Total investments	$ 24,781,833	$ 22,876,766

(Continued)

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

Investments in U.S. government securities and the collateral for repurchase agreements are registered in the name of Eastern Kentucky University or held in the University's name by its agents and trustees. The University may legally invest in direct obligations of, and other obligations guaranteed as to principal, the U.S. Treasury and U.S. agencies, and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in equity securities.

University investments held by the Eastern Kentucky University Foundation, Inc. are comprised of the Regional University Excellence Trust Fund and Programs of Distinction endowments (see Note 9). Assets held by the Foundation are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

The assets in the Foundation investment pool at June 30, 2024 and 2023 are invested as follows:

	2024	2023
Percentage of pool invested in:		
Cash equivalents – trustee	3%	4%
Registered investment companies equity funds	69	69
Registered investment companies fixed income funds	27	26
Alternative investments	1	1
Total	100%	100%

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. Refer to Note 15 C. for a description of those investments.

The fair value of financial instruments as of June 30, 2024 and 2023 is as follows:

	Fair Value Measurements at June 30, Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2024				
Eastern Kentucky University Foundation, Inc.				
Investment fund at net asset value per share	$ 24,781,833	$ -	$ -	$ -
Total investments	$ 24,781,833	$ -	$ -	$ -

(Continued)

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

	Fair Value Measurements at June 30, Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Eastern Kentucky University Foundation, Inc.				
Investment fund at net asset value per share	$ 22,876,766	$ -	$ -	$ -
Total investments	$ 22,876,766	$ -	$ -	$ -

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy to specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings provide information about the investment's credit risk. The University does not have a formal policy that would limit its investment choices. However, investments are required to be in compliance with Commonwealth statute.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The University does not have a formal policy for concentration of credit risk.

Investment Income – Investment income for the years ended June 30, 2024 and 2023 was $6,010,617 and $5,256,119, respectively, consisting primarily of unrealized gains and loss of investments.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of estimated uncollectible amounts and consist of the following at June 30, 2024 and 2023:

	2024	2023
Student tuition and fees	$ 10,823,791	$ 9,045,818
Auxiliary enterprises	5,048,782	4,430,820
Federal, state and private grants and contracts	5,350,899	11,299,349
Other state agencies	41,297	5,050,336
Other	9,885,144	7,538,319
Total	31,149,913	37,364,642
Less allowance for uncollectible accounts	(4,421,878)	(3,350,809)
Accounts receivable – net	$ 26,728,035	$ 34,013,833

(Continued)

NOTE 4 – CAPITAL ASSETS

Under GASB Statement No. 87, *Leases*, the University recognized $34,154 and $113,930 of Right to Use (RTU) asset additions in fiscal years 2024 and 2023, respectively, related to multi-year lease arrangements. These RTU assets are amortized over the shorter of: the useful life of the asset or the lease term. The associated amortization of the RTU assets for 2024 and 2023 was $285,572 and $646,373, respectively.

Under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* the University recognizes Right to Use (RTU) SBITA assets and corresponding subscription liabilities related to multi-year arrangements for IT software purchases. As a result, the University recognized $466,958 and $1,265,194 of Right to Use (RTU) SBITA asset additions in fiscal years 2024 and 2023, respectively. These assets are amortized over the shorter of: the useful life of the asset or the lease term. The associated amortization of the RTU SBITA assets at 2024 and 2023 were $2,666,990 and $2,543,851, respectively.

These amounts are summarized in the schedules below.

Capital assets activity for the year ended June 30, 2024, is as follows:

	Balance - June 30, 2023	Additions	Reductions	Transfers	Balance – June 30, 2024
Capital assets not being depreciated/amortized					
Land	$ 10,593,628	$ -	$ -	$ -	$ 10,593,628
Historical treasures and works of art	2,011,296	-	-	-	2,011,296
Livestock for educational purposes	359,248	5,900	-	-	365,148
Construction in progress	26,423,162	53,543,615	-	(10,805,856)	69,160,921
Total capital assets not being depreciated/amortized	39,387,334	53,549,515	-	(10,805,856)	82,130,993
Other capital assets					
Land improvements	66,414,278	-	-	605,093	67,019,371
Buildings	671,582,248	43,066	-	10,200,763	681,826,077
Leasehold improvements	125,577	-	-	-	125,577
Equipment	42,088,290	2,836,512	-	-	44,924,802
RTU lease assets	2,328,159	34,154	(1,535,048)	-	827,265
RTU SBITA assets	11,462,785	466,958	-	-	11,929,743
Library books	54,068,724	1,416,170	(60,491)	-	55,424,403
Total other capital assets	848,070,061	4,796,860	(1,595,539)	10,805,856	862,077,238
Less accumulated depreciated/amortized for					
Land improvements	(49,606,149)	(3,078,355)	-	-	(52,684,504)
Buildings	(251,248,788)	(16,618,952)	-	-	(267,867,740)
Leasehold improvements	(125,578)	-	-	-	(125,578)
Equipment	(31,198,719)	(2,722,536)	-	-	(33,921,255)
RTU lease assets	(1,637,539)	(285,572)	1,535,048	-	(388,063)
RTU SBITA assets	(4,576,408)	(2,666,990)	-	-	(7,243,398)
Library books	(46,721,506)	(1,437,942)	60,491	-	(48,098,957)
Total accumulated depreciated/amortized	(385,114,687)	(26,810,347)	1,595,539	-	(410,329,495)
Other capital assets – net	462,955,374	(22,013,487)	-	10,805,856	451,747,743
Total capital assets – net	$ 502,342,708	$ 31,536,028	$ -	$ -	$ 533,878,736

(Continued)

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2023, is as follows:

	Balance - June 30, 2022	Additions	Reductions	Transfers	Balance – June 30, 2023
Capital assets not being depreciated/amortized					
Land	$ 10,593,628	$ -	$ -	$ -	$ 10,593,628
Historical treasures and works of art	2,011,296	-	-	-	2,011,296
Livestock for educational purposes	277,948	81,300	-	-	359,248
Construction in progress	7,590,802	22,256,815	(43,196)	(3,381,259)	26,423,162
Total capital assets not being depreciated/amortized	20,473,674	22,338,115	(43,196)	(3,381,259)	39,387,334
Other capital assets					
Land improvements	65,868,734	-	-	545,544	66,414,278
Buildings	668,946,993	-	(122,210)	2,757,465	671,582,248
Leasehold improvements	125,577	-	-	-	125,577
Equipment	38,759,569	3,514,856	(264,385)	78,250	42,088,290
RTU lease assets	2,336,342	113,930	(122,113)	-	2,328,159
RTU SBITA assets	10,379,887	1,265,194	(182,296)	-	11,462,785
Library books	52,685,987	1,473,671	(90,934)	-	54,068,724
Total other capital assets	839,103,089	6,367,651	(781,938)	3,381,259	848,070,061
Less accumulated depreciated/amortized for					
Land improvements	(46,539,469)	(3,066,680)	-	-	(49,606,149)
Buildings	(234,897,949)	(16,373,864)	23,025	-	(251,248,788)
Leasehold improvements	(125,578)	-	-	-	(125,578)
Equipment	(28,667,324)	(2,795,780)	264,385	-	(31,198,719)
RTU lease assets	(1,113,280)	(646,373)	122,114	-	(1,637,539)
RTU SBITA assets	(2,214,853)	(2,543,851)	182,296	-	(4,576,408)
Library books	(45,392,074)	(1,420,366)	90,934	-	(46,721,506)
Total accumulated depreciated/amortized	(358,950,527)	(26,846,914)	682,754	-	(385,114,687)
Other capital assets – net	480,152,562	(20,479,263)	(99,184)	3,381,259	462,955,374
Total capital assets – net	$ 500,626,236	$ 1,858,852	$ (142,380)	$ -	$ 502,342,708

NOTE 5 – UNEARNED REVENUE

Unearned revenue as of June 30, 2024 and 2023 is as follows:

	2024	2023
Unearned summer school revenue and activity fees	$ 5,650,273	$ 6,158,738
Unearned grants and contracts revenue, current	7,365,206	6,695,907
Unearned grants and contracts revenue, noncurrent	17,298,508	21,062,665
Total	$ 30,313,987	$ 33,917,310

(Continued)

NOTE 6 – BONDS PAYABLE AND FINANCE PURCHASE OBLIGATIONS

Long-term liabilities as of June 30, 2024, and long-term activity for the year ended June 30, 2024 are summarized as follows:

	Balance - July 1, 2023	Additions	Reductions	Refunding	Balance - June 30, 2024	Balance Due Within One Year
Revenue bonds payable	$ 114,660,000	$ -	$ (4,320,000)	$ -	$ 110,340,000	$ 4,525,000
General receipts refunding bonds	16,890,000	-	(2,830,000)	-	14,060,000	2,110,000
Finance purchase obligations	27,504,160	976,672	(871,642)	-	27,609,190	863,244
RTU lease liability	704,348	34,154	(285,675)	-	452,827	66,366
RTU SBITA liability	7,344,932	466,958	(2,383,520)	-	5,428,370	1,990,886
Unamortized bond premium	4,419,165	-	(532,309)	-	3,886,856	479,857
	$ 171,522,605	$ 1,477,784	$(11,223,146)	$ -	$ 161,777,243	$ 10,035,353

Long-term liabilities as of June 30, 2023, and long-term activity for the year ended June 30, 2023 are summarized as follows:

	Balance - July 1, 2022	Additions	Reductions	Refunding	Balance - June 30, 2023	Balance Due Within One Year
Revenue bonds payable	$ 67,440,000	$ 50,530,000	$ (3,310,000)	$ -	$ 114,660,000	$ 4,320,000
General receipts refunding bonds	19,620,000	-	(2,730,000)	-	16,890,000	2,830,000
Finance purchase obligations	25,685,743	2,449,516	(631,099)	-	27,504,160	671,897
RTU lease liability	1,233,607	113,930	(643,189)	-	704,348	254,425
RTU SBITA liability	8,274,450	1,265,193	(2,194,711)	-	7,344,932	2,248,032
Unamortized bond premium	3,566,413	1,433,343	(580,591)	-	4,419,165	532,309
	$ 125,820,213	$ 55,791,982	$(10,089,590)	$ -	$ 171,522,605	$ 10,856,663

General Receipts Revenue Bonds – On July 3, 2012, the University sold $27,700,000 of Eastern Kentucky University General Receipts Refunding Bonds, 2012 Series A bonds, at an effective interest rate of 3.49% to advance refund Consolidated Education Revenue Bonds Series V (June 1, 2004, which refinanced outstanding Housing Revenue Series bonds and provided additional funding for the replacement of the campus underground electrical system) of $8,790,000 and a master lease (September 25, 2008 for an energy savings performance contract) of $21,863,227. The 2012 Series A bond agreement includes certain covenants and guidelines related to the University's indebtedness.

The net proceeds of $31,350,000 (including the Original Issuer's Premium) of the 2012 Series A Bonds were used (after payment of underwriting fees, insurance, and other issuance costs) to purchase U.S. government securities. Those securities were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payments on those Series V bonds and the energy savings lease. As a result, the Series V bonds, and energy savings lease are considered to be defeased and the liabilities for these obligations have been removed from the statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,407,906. This difference, reported under GASB 65 (see Note 1) as a deferred outflow, is being charged to operations through the year 2024 using the effective-interest method. The University completed the advance refunding to reduce its total debt service payments over the next 12 years. The resulting savings on a present value basis is approximately $2.35 million.

(Continued)

NOTE 6 – BONDS PAYABLE AND FINANCE PURCHASE OBLIGATIONS (Continued)

During fiscal years 2024 and 2023, $795,000 and $755,000 of principal and $39,750 and $77,500 of interest were paid on the bonds. The outstanding principal at June 30, 2024 and 2023 is $0 and $795,000, respectively.

On April 7, 2015, the University sold $14,280,000 of Eastern Kentucky University General Receipt Bonds, Series 2015A, at a net interest cost of 3.26%. The proceeds of this bond issue provided funding for various athletic projects. The bonds mature in varying amounts through April 1, 2035. During fiscal years 2024 and 2023, $665,000 and $640,000 of principal and $358,794 and $384,394 of interest were paid on the bonds. Total outstanding principal at June 30, 2024 and 2023 was $9,100,000 and $9,765,000, respectively.

On March 2, 2016, the University sold $5,825,000 of Eastern Kentucky University General Receipt Bonds, Series 2016A, at a net interest cost of 2.15% to refund a portion of the 2007 Series A Bonds (August 2, 2007, which refinanced outstanding Housing Revenue Series bonds).

During fiscal years 2024 and 2023, $385,000 and $380,000 of principal and $40,438 and $48,038, respectively, of interest were paid on the bonds. Total outstanding principal at June 30, 2024 and 2023 was $1,205,000 and $1,590,000, respectively.

On April 5, 2017, the University sold $46,140,000 of Eastern Kentucky University General Receipt Bonds, Series 2017A, at an adjusted true interest cost of 3.43%. The bonds mature in varying amounts through April 1, 2037. During fiscal years 2024 and 2023, $1,940,000 and $1,845,000 of principal and $1,422,156 and $1,514,406, respectively, of interest were paid on the bonds. Total outstanding principal at June 30, 2024 and 2023 was $34,305,000 and $36,245,000, respectively.

On January 23, 2018, the University sold $21,860,000 of Eastern Kentucky University General Receipt Bonds, Series 2018A, at an adjusted true interest cost of 3.03%. The bonds mature in varying amounts through October 1, 2037. During fiscal years 2024 and 2023, $865,000 and $825,000 of principal and $707,038 and $749,288 of interest were paid on the bonds. Total outstanding principal at June 30, 2024 and 2023 was $17,255,000 and $18,120,000, respectively.

The proceeds of the Eastern Kentucky University General Receipt Bonds, Series 2017A and Series 2018A, provide funding for the project listed in the Budget Act *Construct Student Life Facilities*. The project includes (i) the construction of a new student recreation facility with a fitness center and other amenities, (ii) the construction of a pedway over the Robert Martin Bypass connecting north and south campus, and (iii) renovations of the Powell Student Union building.

On August 27, 2019, the University sold $5,265,000 of Eastern Kentucky University General Receipt Bonds, Series 2019A, at a net interest cost of 1.782% to refund the 2009 Series A Bonds

The refunding resulted in a gross savings between the reacquisition price and the net carrying amount of the old debt. The University completed the refunding to reduce its total debt service payments over the next 9 years. The resulting savings on a present value basis is approximately $588,141. As of June 30, 2023, the 2009 Series A Bonds had been fully redeemed.

During fiscal years 2024 and 2023, $570,000 and $545,000 of principal and $130,200 and $157,450 of interest, respectively, were paid on these bonds. Total outstanding principal at June 30, 2024 and 2023 was $2,580,000 and $3,150,000, respectively.

NOTE 6 – BONDS PAYABLE AND FINANCE PURCHASE OBLIGATIONS (Continued)

On December 10, 2020, the University agreed to the sale of $12,405,000 of Eastern Kentucky University General Receipt Bonds, Series 2021A to refund the 2011 Series A Bonds. The bonds closed on July 6, 2021. The refunding resulted in an advanced payment of the present value interest savings to the University in the amount of $1,629,508. As of June 30, 2023, the 2011 Series A Bonds had been fully redeemed.

During fiscal years 2024 and 2023, $1,080,000 and $1,050,000 of principal and $417,175 and $451,525 of interest, respectively, were paid on these new bonds. Total outstanding principal at June 30, 2024 and 2023 was $10,275,000 and $11,355,000, respectively.

On August 2, 2022, the University sold $50,530,000 of Eastern Kentucky University General Receipt Bonds, 2022 Series A, at an adjusted true interest cost of 4.10%. The bonds mature in varying amounts through April 1, 2052. The bonds were issued as a new borrowing for housing renovations. During fiscal years 2024 and 2023, $850,000 and $0 of principal and $2,210,494 and $1,467,522 of interest, respectively, were paid on these bonds. Total outstanding principal at June 30, 2024 and 2023 was $49,680,000 and $50,350,000, respectively.

RTU Lease Liabilities and RTU SBITA Liability – With the implementation of GASB 87 in fiscal year 2022, the University recognized additional RTU lease liability in the amount of $34,154 for 2024 and $113,930 for 2023. Associated interest costs were $10,170 and $11,183, for fiscal years 2024 and 2023, respectively. The lease liability is calculated at the present value of the remaining lease payments, with a discount range of .17% to 4.07%. The lease asset recorded is amortized over the shorter of the useful life of the asset or the lease term. These leases are used to procure the right to use equipment, facility improvements, and property.

With the implementation of GASB 96 for fiscal years 2024 and 2023, the University recognized additional RTU SBITA liability in the amount of $466,958 for 2024 and $1,265,193 for 2023. Associated interest costs were $68,274 and $77,288, for fiscal years 2024 and 2023 respectively. The RTU SBITA liability is calculated at present value of the remaining lease payments with a discount range of .25% to 4.06%. The lease asset recorded is amortized over the shorter of the useful life of the asset or the lease term. These types of leases are used to procure the right to use software such as the University's enterprise resource planning system, academic delivery software, procurement software, and the University's CRM software.

The principal and interest is presented in aggregate in the schedule below for both RTU lease liabilities and RTU SBITA liabilities.

The principal maturities and interest repayment requirements on RTU Lease liabilities and RTU SBITA liabilities are as follows:

	Principal	Interest	Total
Years ending June 30,			
2025	$ 2,057,252	$ 54,270	$ 2,111,522
2026	1,677,393	27,698	1,705,091
2027	1,373,031	10,936	1,383,967
2028	507,910	6,640	514,550
2029	18,111	5,259	23,370
2030-2034	96,188	20,651	116,839
2035-2039	96,904	10,728	107,632
2040-2042	54,408	1,497	55,905
	$ 5,881,197	$ 137,679	$ 6,018,876

(Continued)

NOTE 6 – BONDS PAYABLE AND FINANCE PURCHASE OBLIGATIONS (Continued)

Finance Purchase Obligations – During fiscal year 2016, the University modified the previous Grand Campus lease as part of a value-added benefit for the public private partnership residence hall project. The lease is extended to a total of 31.5 years with lease payments totaling $115,580,549 over that period, with the University taking ownership at the end of the term. Grand Campus is an approximately 16-acre property adjacent to campus that holds 2 separate student housing dormitories containing a total of 512 bedrooms. The dormitories also have separate bathrooms, common areas, swimming pool, clubhouse, and parking lot among other amenities. Interest only payments are being made by the University until principal payments begin 2032 through maturity in 2047.

In addition to Grand Campus, lockers for mail purposes, and laptops for faculty/staff, the University recognized an additional finance purchase in FY24 for equipment needed for various campus areas. During fiscal years 2024 and 2023, $871,642 and $631,099 of principal and $3,182,433 and $3,137,478, respectively, of interest were paid on the finance lease outstanding obligations.

The principal maturities and interest repayment requirements on bonds and finance purchase obligations are as follows:

	Principal	Interest	Total
Years ending June 30,			
2025	$ 7,978,101	$ 8,242,241	$ 16,220,342
2026	8,216,390	7,967,401	16,183,791
2027	7,851,977	7,673,072	15,525,049
2028	7,724,509	7,404,931	15,129,440
2029	7,075,976	7,148,981	14,224,957
2030-2034	36,905,014	31,856,506	68,761,520
2035-2039	29,292,883	23,744,920	53,037,803
2040-2044	19,860,003	17,618,088	37,478,091
2045-2049	22,489,275	8,422,052	30,911,327
2050-2052	8,501,918	687,599	9,189,517
	$ 155,896,046	$ 120,765,791	$ 276,661,837

Assets under finance purchase obligations totaled $27,603,354 and $27,504,160 with accumulated depreciation of $8,038,187 and $6,450,810 at June 30, 2024 and 2023, respectively. This includes Grand Campus Properties as well as other finance purchase obligations.

NOTE 7 – SERVICE CONCESSION ARRANGEMENT

On February 8, 2016, the University entered into an agreement with a third party that qualifies for treatment as a service concession arrangement as defined in GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Under the terms of the agreement, the University leases land to the third party and the third party constructed student housing, whereby the University is the owner of the constructed building with no obligation for construction costs. Once construction of the building was complete and ready for use, the University leased it back to the third party and entered into a manage and maintain agreement for cost and revenue sharing. Due to the age and condition of the current housing stock, the University entered the agreement with the expectation of attracting more students and to retain current students. The buildings were completed in July 2017 and recorded as a capital asset with a book value of $71,107,507, and a useful life of 40 years. As of June 30, 2024 and 2023, the buildings had a net book value of $58,811,833 and $60,589,521 and the service concession had a carrying balance of $54,515,755 and $56,886,005, respectively.

(Continued)

NOTE 8 – DESIGNATIONS OF UNRESTRICTED NET POSITION

Unrestricted net position is designated for specific purposes by action of the Board or University management or may otherwise be limited by contractual agreements. Commitments for the use of unrestricted net position at June 30, 2024 and 2023 are as follows:

	2024	2023
Inventories	$ 405,376	$ 325,282
Outstanding encumbrances	991,403	1,576,278
Departmental commitments	5,574,510	6,990,607
Designated projects and contingency reserves	35,004,557	33,433,873
Health care self-insurance reserve	3,000,000	3,000,000
Auxiliary working capital	(7,545,330)	(1,025,799)
University capital projects	1,000,000	1,000,000
KTRS Pension	(89,563,321)	(84,344,129)
KERS Pension	(136,423,510)	(143,037,588)
KTRS OPEB	(19,950,122)	(21,651,029)
KERS OPEB	(10,908,638)	(18,799,944)
Total	$ (218,415,075)	$ (222,532,449)

NOTE 9 – ASSETS HELD BY OTHERS

The Regional University Excellence Trust Fund (“RUETF”) was created by the Kentucky General Assembly with the passage of the Postsecondary Education Improvement Act of 1997 (“House Bill 1”). The RUETF Endowment Match Program, also known as “Bucks for Brains”, provides state funds on a dollar-for-dollar match basis. Funds are endowed for the purposes of supporting endowed chairs and professorships. House Bill 1 also established two Eastern Kentucky University endowments for the support of nationally recognized Programs of Distinction (“PODs”) for the College of Justice and Safety and for potential future additional Programs of Distinction. The College of Justice and Safety POD was liquidated in 2010 to fund an addition to the Stratton Building.

The total fair market value of the Eastern Kentucky University RUETF and POD endowment as of June 30, 2024 and 2023 was $24,781,833 and $22,876,766, respectively.

The portion of the RUETF endowment representing the value of the funding received from the Kentucky General Assembly, plus unexpended earnings thereon, was $22,397,556 and $20,679,052 as of June 30, 2024 and 2023, respectively, and is included in restricted assets held by the Foundation (see Note 2).

The fair market value of the Eastern Kentucky University POD endowments as of June 30, 2024 and 2023 was $2,384,277 and $2,197,714, respectively, and is included in restricted assets held by the Foundation (see Note 2).

NOTE 10 – RELATED-PARTY TRANSACTIONS

The University and the Foundation are related parties. The University authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the University. In addition, the Foundation incurs expenses for salaries of certain University staff; however, the salaries are paid by the University.

(Continued)

NOTE 10 – RELATED-PARTY TRANSACTIONS (Continued)

	2024	2023
Funds disbursed by the University on behalf of the Foundation:		
For employee salaries and benefits	$ 866,882	$ 692,938
For other expenses	5,554,909	2,832,397
For scholarships	2,682,044	1,915,007
Funds held by the Foundation on behalf of or for the benefit of the University as of June 30	24,781,833	22,876,766
Funds due to the University by the Foundation	1,495,300	119,047

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

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 https://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 Kentucky Teachers' Retirement System of the State of Kentucky (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 below summarizes the major retirement benefit provisions of 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)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Tier 1 Participation Prior to July 1, 2008	**Tier 2** Participation on or After July 1, 2008
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. The retired member pays premiums in excess of the monthly supplement.	

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Tier 3
Members on and after January 1, 2022

Condition for Retirement: Attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.

Amount of Allowance

Foundational Benefit The annual foundational benefit for non-university members is equal to service times a multiplier times final average salary. The multiplier for non-university members is shown in the following table:

		Years of Service			
Age		5-9.99	10-19.99	20-29.99	30 or more
57-60		-	1.70%	1.95%	2.20%
61		-	1.74%	1.99%	2.24%
62		-	1.78%	2.03%	2.28%
63		-	1.82%	2.07%	2.32%
64		-	1.86%	2.11%	2.36%
65 and over		1.90%	1.90%	2.15%	2.40%

The multiplier for university members is shown in the following table:

		Years of Service			
Age		5-9.99	10-19.99	20-29.99	30 or more
57-60		-	0.70%	0.95%	1.20%
61		-	0.74%	0.99%	1.24%
62		-	0.78%	1.03%	1.28%
63		-	0.82%	1.07%	1.32%
64		-	0.86%	1.11%	1.36%
65 and over		0.90%	0.90%	1.15%	1.40%

The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

Supplemental Benefit The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

Condition for Allowance Totally and permanently incapable of being employed as a teacher and under age 60 but after completing 5 years of service.

Amount of Allowance The disability allowance is equal to the greater of the service retirement allowance or 60% of the member's final average salary. The disability allowance is payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. After the disability entitlement period has expired and if the member remains disabled, he will be retired under service retirement. The service retirement allowance will be computed with service credit given for the period of disability retirement. The allowance will not be less than $6,000 per year. The service retirement allowance will not be reduced for commencement of the allowance before age 60 or the completion of 27 years of service.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Tier 3 Members on and after January 1, 2022
Benefits Payable on Separation from Service	Any member who ceases to be in service is entitled to receive his contributions with allowable interest. A member who has completed 5 years of creditable service and leaves his contributions with the System may be continued in the membership of the System after separation from service, and file application for service retirement after the attainment of age 60.
Life Insurance	A separate Life Insurance fund has been created as of June 30, 2000 to pay benefits on behalf of deceased TRS active and retired members..

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 from 8.185% to 9.775% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.87% (13.055% allocated to pension, 2.780% allocated to medical insurance and 0.03% allocated to life insurance) of covered payroll 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 current year contributions recognized by the Plan were $8,705,143 ($7,099,566 related to pension and $1,353,878 related to OPEB) for the year ended June 30, 2024. For the year ended June 30, 2023, total contributions recognized by the Plan were $8,544,966 ($7,178,708 related to pension and $1,366,258 related to OPEB). The OPEB contributions amount does not include the implicit subsidy. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled $7,931,038 and $9,517,242, respectively, for the years ended June 30, 2024 and 2023.

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

	2024	2023
University’s proportionate share of the net pension liability	$ 105,499,161	$ 99,234,802
Commonwealth of Kentucky’s proportionate share of the net pension liability associated with the University	117,343,515	128,957,429
	$ 222,842,676	$ 228,192,231

The net pension liability was measured as of June 30, 2021 and 2020. The University'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, University’s proportion was 0.59% and 0.56%, respectively, and the Commonwealth of Kentucky’s proportion associated with the University was 0.66% and 0.73%, respectively.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

For the year ended June 30, 2024 and 2023, the University was allocated pension expense of $5,219,192 and $(9,818,549) and revenue of $13,405,199 and $2,734,437, respectively. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Net difference between projected and actual earnings on investments	$ 2,632,402	$ -
Change in assumptions	5,081,686	-
Differences between expected and actual experience	(1,292,519)	-
Changes in proportionate share of contributions	7,284,517	4,869,814
	13,706,086	4,869,814
Contributions subsequent to the measurement date	7,099,566	-
	$ 20,805,652	$ 4,869,814
2023		
Net difference between projected and actual earnings on investments	$ 6,323,814	$ -
Change in assumptions	9,000,726	-
Differences between expected and actual experience	(3,445,382)	-
Changes in proportionate share of contributions	4,865,750	9,032,945
	16,744,908	9,032,945
Contributions subsequent to the measurement date	7,178,708	-
	$ 23,923,616	$ 9,032,945

At June 30, 2024, the University reported $7,099,566 as deferred outflows of resources related to pensions resulting from University 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 ended June 30:	
2024	$ 4,292,081
2025	(1,533,519)
2026	6,699,234
2027	(621,524)
	$ 8,836,272

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Actuarial assumptions - The total pension liability in the June 30, 2023 and 2022 measurement was determined by using the following actuarial valuations, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25.4 years
Inflation	2.50%
Salary increases	3.00% - 7.50%, average, 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 (Teachers Benefited-Weighted) Mortality Table projected generationally with adjustments for each of the groups: service, retirees, contingent annuitants, disabled retiree, 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 period June 30, 2020.

The long-term expected return on 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:

	June 30, 2024	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	38.00%	5.00%
Non U.S. Equity	21.00	5.80
Fixed Income	15.00	1.90
High Yield Bonds	5.00	3.80
Additional Categories*	5.00	3.60
Real Estate	7.00	3.20
Private Equity	7.00	8.00
Cash	2.00	1.60
Total	100.00%	

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2023	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.00%	4.50%
Non U.S. Equity	22.00	5.35
Fixed Income	15.00	(0.10)
Additional Categories*	7.00	1.95
Real Estate	7.00	4.00
Private Equity	7.00	6.90
Cash	2.00	(0.30)
Total	100.00%	

*Includes hedge funds, high yield and non U.S. developed bonds and private credit strategies

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – There were no changes in actuarial assumptions or benefits terms 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 University reporting date that are expected to have a significant effect on the University's proportionate share of the collective net pension liability.

Discount rate - The discount rate used to measure the TPL was 7.10 percent at June 30, 2023 and 2022 measurement dates. 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 that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. 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 University's proportionate share of the net pension liability to changes in the discount rate - The following tables present the net pension liability of the University as of June 30, 2024 and 2023, calculated using the discount rate, as well as what the University's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of the Collective Net Pension Liability *(in thousands)*	$ 135,690	$ 105,499	$ 80,538

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of the Collective Net Pension Liability *(in thousands)*	$ 126,802	$ 99,235	$ 76,481

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 of Trustees, 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 of Trustees. 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 and 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. For the years ended June 30, 2024 and 2023, the University contributed $1,332,749 and $1,347,606 to the KTRS medical insurance plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2024 and 2023, the University reported a liability of $19,666,000 and $26,486,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2023 and 2022. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2024 and 2023, the University's proportion was 0.81% and 1.07% and the Commonwealth of Kentucky's proportion associated with the University was 0.38% and 0.07% respectively.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

	2024	2023
University's proportionate share of the net OPEB liability	$ 19,666,000	$ 26,486,000
State's proportionate share of the net OPEB liability associated with the University	9,328,000	1,664,000
Total	$ 28,994,000	$ 28,150,000

For the year ended June 30, 2024 and 2023, the University was allocated OPEB expense of $(1,688,143) and $(961,006) and revenue of $139,000 and $1,273,000 for support provided by the State. At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ -	$ 6,666,000
Changes of assumptions	4,471,000	-
Net difference between projected and actual earnings on OPEB plan investments	368,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	7,447,000	6,780,000
	12,286,000	13,446,000
University contributions subsequent to the measurement date	1,332,749	-
Total	$ 13,618,749	$ 13,446,000
2023		
Difference between expected and actual experience	$ -	$ 11,134,000
Changes of assumptions	5,379,000	-
Net difference between projected and actual earnings on OPEB plan investments	1,408,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	9,169,000	865,000
	15,956,000	11,999,000
University contributions subsequent to the measurement date	1,347,606	-
Total	$ 17,303,606	$ 11,999,000

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $1,332,749 resulting from University 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2025	$ (852,000)
2026	(595,000)
2027	723,000
2028	537,000
2029	(353,000)
Thereafter	(620,000)
	$ (1,160,000)

Actuarial Assumptions - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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 rate	6.75% decreasing to ultimate trend rate of 4.50% by FY2032.
Medicare Part B premiums	1.55% for FY23 with an ultimate rate of 4.50% by FY2034.
Municipal bond index rate	3.66%
Single equivalent interest rate	7.10%, net of investment expense, including inflation.

Mortality rates were based on the Pub2010 (Teachers Amount-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, deferred vested 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, 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 of the Health Trust 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.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The long-term expected rate of return on Health Trust and Life Trust investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

	June 30, 2024	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4 %	5.00%
Small Cap U.S. Equity	2.6	5.50
Developed International Equity	15.0	5.50
Emerging Markets Equity	5.0	6.10
Fixed Income	9.0	1.90
High Yield Bonds	8.0	3.80
Other Additional Categories	9.0	3.70
Real Estate	6.5	3.20
Private Equity	8.5	8.00
Cash	1.0	1.60
Total	100%	

	June 30, 2023	
	Target Allocation	30 Year Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed income	9.00	(0.10)
Real Estate	6.50	4.00
Private Equity	8.50	6.90
Additional Categories: High Yield	8.00	1.70
Other Additional Categories*	9.00	2.20
Cash (LIBOR)	1.00	(0.30)
Total	100.00%	

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

KTRS Medical Plan Changes in Assumptions Since Prior Measurement Date – The health care trend rates, as well as the TRS retirement decrements, were updated to reflect anticipated experience.

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 the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the MIF'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. 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 University's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB liability (MI) *(in thousands)*	$ 25,295	$ 19,666	$ 15,014

	June 30, 2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB liability (MI) *(in thousands)*	$ 33,231	$ 26,486	$ 20,902

Sensitivity of the University's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the University's proportionate share of the collective net OPEB liability, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	June 30, 2024		
	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability *(in thousands)*	$ 14,158	$ 19,666	$ 26,525

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2023		
	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability *(in thousands)*	$ 19,856	$ 26,486	$ 34,732

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

Life Insurance Plan

Plan Description – Life Insurance Pla*n* – 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. Changes made to the life insurance plan may be made by the KTRS Board of Trustees and the General Assembly.

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars 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, 0.03 percent of the gross annual payroll of members is contributed by the state. In addition, KCTCS contributes 0.04 percent of each participants covered compensation. For the years ended June 30, 2024 and 2023, the University contributed $21,129 and $21,365 to the KTRS life insurance plan.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2024 and 2023, the University reported a liability of $451,000 and $506,000 for its proportionate share of the collective net OPEB liability, respectively. The collective net OPEB liability was measured as of June 30, 2023 and 2022, respectively. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2024 and 2023, the University's proportion was 1.59% and 1.63%.

For the years ended June 30, 2024 and 2023, the University was allocated OPEB expense of $(12,764) and $(2,766). At June 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ 7,000	$ 52,000
Changes of assumptions	-	51,000
Net difference between projected and actual earnings on OPEB plan investments	80,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	17,000	28,000
	104,000	131,000
University contributions subsequent to the measurement date	21,129	-
Total	$ 125,129	$ 131,000
2023		
Difference between expected and actual experience	$ 9,000	$ 62,000
Changes of assumptions	-	69,000
Net difference between projected and actual earnings on OPEB plan investments	140,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	21,000	24,000
	170,000	155,000
University contributions subsequent to the measurement date	21,365	-
Total	$ 191,365	$ 155,000

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $21,129 resulting from University 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 ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2025	$ (12,000)
2026	(18,000)
2027	44,000
2028	(24,000)
2029	(5,000)
Thereafter	(12,000)
	$ (27,000)

Actuarial Assumptions – The total OPEB liability (TOL) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Investment rate of return	7.10% net of OPEB plan investment expense, including inflation for 2023
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%
Single equivalent interest rate	7.10%, net of investment expense, including inflation.

Mortality rates were based on the Pub2010 (Teachers Amount-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, deferred vested 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, 2020, adopted by the Board on September 20, 2021.

The long-term expected rate of return on Health Trust and Life Trust investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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:

	June 30, 2024		June 30, 2023	
Asset Class*	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	30 Year Expected Real Rate of Return
U.S. Equity	40.0%	5.20 %	40.00%	4.40%
Developed International Equity	15.00	5.50	23.00	5.60
Emerging Markets Equity	5.00	6.10	0.00	-
Fixed Income	21.00	1.90	18.00	(0.10)
Other Additional Categories**	5.00	4.00	6.00	2.10
Real Estate	7.00	3.20	6.00	4.00
Private Equity	5.00	8.00	5.00	6.90
Cash	2.00	1.60	2.00	(0.30)
Total	100.00%		100.00%	

**As the life insurance plan investment policy is subject to change, the above reflects the pension allocation and returns that achieve the target 7.1% long-term rate of return.*

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 University's proportionate share of the net OPEB liability to changes in the discount rate - The following tables present the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB (LI) liability *(in thousands)*	$ 724	$ 451	$ 230

	June 30, 2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB (LI) liability *(in thousands)*	$ 784	$ 506	$ 286

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

Kentucky Employees Retirement System

Plan Description - The University contributes to the Kentucky Employees' Retirement System (KERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System (KRS), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees ("KRS Board") of KRS 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 outflow of resources and deferred inflow 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:

Non-Hazardous

	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).	5 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

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Non-Hazardous (Continued)

	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 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.	
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.

Hazardous

	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	Highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	3 highest salaries; 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

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Hazardous (Continued)

	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 Factor	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 26 years = 2.25%. Greater than 25 years = 2.50%.	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 20 years of service. Age 55 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.
Reduced Retirement Benefit	Age 50 with 15 years of service.	Age 50 with 15 years of service.	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 (Non-hazardous) and $15 (Hazardous) 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.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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 is 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 Nonhazardous plan contributed 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB) as set by KRS, respectively, of each Nonhazardous employee's creditable compensation. For the fiscal years ended June 30, 2024 and 2023, participating employers in the Hazardous plan contributed 31.82% (31.82% allocated to pension and 0.00% allocated to OPEB) and 31.82% (allocated completely to pension) for 2023 as set by KRS, respectively, of each Hazardous 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. The University met 100% of the contribution funding requirement for the fiscal years ended June 30, 2024 and 2023. Total current year contributions recognized by the Plan were $12,317,698 ($9,751,926 related to pension and $565,772 related to OPEB) and $12,060,548 ($9,459,728 related to pension and $2,600,820 related to OPEB) for the years ended June 30, 2024 and 2023. The OPEB contribution amounts do not include the implicit subsidy reported in the amount of $4,142 and $0 for years ended June 30, 2024 and 2023.

Members whose participation began before 9/1/2008:

Nonhazardous contributions equal 5% and Hazardous contributions equal 8% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Member entitled to a full refund of contributions with interest.

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

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) 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 non-refundable.

Members whose participation on or after 1/1/2014

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) 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 non-refundable.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Pension Information

Total Pension Liability: The total pension liability (TPL) for KERS measured as of June 30, 2023 and 2022 was determined using the actuarial valuation as of June 30, 2021 and 2020. This valuation used the following actuarial methods and assumptions applied to all prior periods included in the measurement:

Valuation date	June 30, 2021 and 2021 (Hazardous)
Experience study	July 1, 2013 – June 30, 2018
Actuarial cost method	Entry age normal
Amortization period	Level percent of pay
Remaining amortization period	30 year closed period beginning June 20, 2019
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.3%
Salary increase	3.3% to 15.30%, varies by service for KERS Non-Hazardous, 3.55% to 20.05%, varies by service for KERS Hazardous
Investment rate of return	5.25 percent for KERS Non-Hazardous, 6.25 percent for KERS Hazardous

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 based 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) and 6.25% (Hazardous), which remained the same from prior year.

(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 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

(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. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.

(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.

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

(f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Non-hazardous

	June 30, 2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	32.50%	5.90%
Private Equity	7.00	11.73
Core Fixed Income	20.50	2.45
Specialty Credit	15.00	3.65
Cash	5.00	1.39
Real Estate	10.00	4.99
Real Return	10.00	5.15
Total	100.00%	

Hazardous

	June 30, 2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	43.5%	5.90%
Private Equity	10.00	11.73
Core Fixed Income	10.00	2.45
Specialty Credit	15.00	3.65
Cash	1.50	1.39
Real Estate	10.00	4.99
Real Return	10.00	5.15
Total	100.00%	

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Non-hazardous

	June 30, 2023	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.25%	4.45%
Non-US Equity	16.25	4.45
Private Equity	7.00	10.15
Specialty Credit/High Yield	15.00	2.28
Core Bonds	20.50	0.28
Cash	5.00	(0.91)
Real Estate	10.00	3.67
Real Return	10.00	4.07
Total	100.00%	

Hazardous

	June 30, 2023	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.75%	4.45%
Non-US Equity	21.75	4.45
Private Equity	10.00	10.15
Specialty Credit/High Yield	15.00	2.28
Core Bonds	10.00	0.28
Cash	1.50	(0.91)
Real Estate	10.00	3.67
Real Return	10.00	4.07
Total	100.00%	

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 5.25% (Non-hazardous) and 6.25% (Hazardous) 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 University's allocated portion of the Non-hazardous net pension liability ("NPL") of the System, calculated using the discount rate, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous *(in thousands)*	$ 164,366	$ 143,002	$ 125,298

	June 30, 2023		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous *(in thousands)*	$ 179,076	$ 155,696	$ 136,445

The following presents the University's allocated portion of the Hazardous net pension liability ("NPL") of the System, calculated using the discount rate, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous *(in thousands)*	$ 3,565	$ 2,598	$ 1,814

	June 30, 2023		
	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous *(in thousands)*	$ 4,803	$ 3,635	$ 2,689

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Employer's Portion of the Collective Net Pension Liability: The University's proportionate share of the Non-hazardous net pension liability, as indicated in the prior table, is $143,002,311, or approximately 1.16% as of June 30, 2024 and $155,696,376, or approximately 1.17% as of June 30, 2023. The University's proportionate share of the Hazardous net pension liability, as indicated in the prior table, is $2,597,878, or approximately 0.61% as of June 30, 2023 and $3,635,195, or 0.72% as of June 30, 2022. The net pension liabilities were distributed based on fiscal year 2023 and 2022 actual employer contributions to the plan.

Measurement Date: June 30, 2021 is the actuarial valuation date for the June 30, 2023 measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: The KERS Board of Trustees adopted new actuarial assumptions based on an actuarial experience study for the period ending June 30, 2018. Key assumption changes include an increase to the salary increase assumptions for individual members and replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the KERS nonhazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation. House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the KERS non-hazardous system to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution education, determining the KERS non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the KERS non-hazardous system were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same contribution rate.

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 University was allocated pension expense of $(5,987,107) and $18,231,640 related to the KERS Non-Hazardous and $(626,971) and $(96,136) related to the KERS Hazardous 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 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:

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ 1,209,659	$ 1,728
Change of assumptions	-	3,371,028
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	886,842
Differences between expected and actual investment earning on plan investments	145,433	-
	1,355,102	4,259,598
Contributions subsequent to the measurement date	11,917,495	-
Total	$ 13,272,597	$ 4,259,598
2023		
Difference between expected and actual experience	$ -	$ 182,394
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	3,673,825	242,526
Differences between expected and actual investment earning on plan investments	603,405	-
	4,277,230	424,920
Contributions subsequent to the measurement date	11,867,647	-
Total	$ 16,144,877	$ 424,920

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $11,917,495 will be recognized as a reduction of net pension 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	$ (3,163,786)
2026	(265,553)
2027	639,788
2028	(114,945)
	$ (2,904,496)

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ -	$ 9,364
Change of assumptions	-	71,211
Changes in proportion and differences between employer contributions and proportionate shares of contributions	1,823	253,264
Differences between expected and actual investment earning on plan investments	-	12,734
	1,823	346,573
Contributions subsequent to the measurement date	508,432	-
Total	$ 510,255	$ 346,573
2023		
Difference between expected and actual experience	$ 31,556	$ 65,297
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	32,370	-
Differences between expected and actual investment earning on plan investments	153,702	-
	217,628	65,297
Contributions subsequent to the measurement date	421,697	-
Total	$ 639,325	$ 65,297

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $508,432 will be recognized as a reduction of net pension 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	$ (349,573)
2026	(61,659)
2027	97,933
2028	(31,451)
	$ (344,750)

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

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

OPEB Information

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

Valuation date	June 30, 2021
Inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30% to 15.30%, varies by service for Non-hazardous, and 3.55% to 20.05%, various by service for Hazardous
Investment rate of return	6.25%
Healthcare trend rates	
Pre-65	6.30% beginning January 1, 2023, decreasing to an ultimate trend rate of 4.05% over 13 years.
Post-65	6.30%, beginning January 1, 2023, decreasing to an ultimate trend rate of 4.05% over 13 years.

The mortality table used is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.94% as of June 30, 2023, an increase from the 5.72% discount rate used in the prior year. The discount rate used to measure the total Hazardous OPEB liability was 5.94% as of June 30, 2023, an increase from the 5.59% discount rate used in the prior year.

(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 26-year 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) **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.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

(e) **Assumed Asset Allocations**: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	June 30, 2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	43.50%	5.90%
Private Equity	10.00	11.73
Core Fixed Income	10.00	2.45
Specialty Credit	15.00	3.65
Cash	1.50	1.39
Real Estate	10.00	4.99
Real Return	10.00	5.15
Total	100.00%	

	June 30, 2023	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75	6.35
Private Equity	10.00	9.70
Specialty Credit/High Yield	15.00	2.80
Core Bonds	10.00	0.00
Cash	1.50	(0.60)
Real Estate	10.00	5.40
Real Return	10.00	4.55
Total	100.00%	

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

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.

Non-hazardous

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the discount rate, as well as what the University'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 or 1-percentage-point higher than the current rate for Non-hazardous:

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2024		
	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
The University's Net OPEB liability – Non-hazardous *(in thousands)*	$ 4,255	$ 3,164	$ 2,246

	June 30, 2023		
	1% Decrease (4.72%)	Current Discount Rate (5.72%)	1% Increase (6.72%)
The University's Net OPEB liability – Non-hazardous *(in thousands)*	$ 13,212	$ 11,036	$ 9,033

The following presents the University'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 University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

	June 30, 2024		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous *(in thousands)*	$ 2,319	$ 3,164	$ 4,186

	June 30, 2023		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous *(in thousands)*	$ 9,073	$ 11,036	$ 13,143

Hazardous

The following presents The University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the discount rate, as well as what the University'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 or 1-percentage-point higher than the current rate for Hazardous:

	June 30, 2024		
	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
The University's Net OPEB (asset) liability – Hazardous *(in thousands)*	$ (957)	$ (1,278)	$ (1,542)

	June 30, 2023		
	1% Decrease (4.59%)	Current Discount Rate (5.59%)	1% Increase (6.59%)
The University's Net OPEB liability – Hazardous *(in thousands)*	$ 655	$ 54	$ (433)

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The following presents the University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Hazardous:

	June 30, 2024		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB (asset) liability – Hazardous *(in thousands)*	$ (1,473)	$ (1,278)	$ (1,040)

	June 30, 2023		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Hazardous *(in thousands)*	$ (386)	$ 55	$ 590

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is $3,163,880 or approximately 0.40% as of June 30, 2024, and $11,035,887, or approximately 0.50% as of June 30, 2023. The University's proportionate share of the Hazardous net OPEB liability, as indicated in the prior table, is $(1,277,711) or approximately 0.61% as of June 30, 2024 and $54,626 or approximately 0.72% as of June 30, 2023. The net OPEB liabilities were distributed based on 2023 and 2022 actual employer contributions to the plan.

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

Changes in Assumptions and Benefit Terms: For the June 30, 2023 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the nonhazardous plan and from 5.59% to 5.94% for the hazardous plan.

For the June 30, 2022 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.26% to 5.72% for the nonhazardous plan and from 5.01% to 5.59% for the hazardous plan.

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 University was allocated OPEB expense of $(7,646,513) related to the KERS Non-Hazardous and $(244,794) related to the KERS Hazardous for the year ended June 30, 2024, and $(7,991,374) related to the KERS Non-Hazardous and $149,755 related to the KERS Hazardous for the year ended June 30, 2023.

(Continued)

Deferred Outflows and Deferred Inflows: The University reported deferred inflows and outflows of resources as follows at June 30:

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ -	$ 4,302,632
Change of assumptions	309,580	349,266
Changes in proportion and differences between employer contributions and proportionate shares of contributions	1,182,180	6,094,956
Differences between expected and actual investment earning on plan investments	574	-
	1,492,334	10,746,854
Contributions subsequent to the measurement date	1,362,668	-
Total	$ 2,855,002	$ 10,746,854
2023		
Difference between expected and actual experience	$ 268,887	$ 883,931
Change of assumptions	620,325	732,162
Changes in proportion and differences between employer contributions and proportionate shares of contributions	3,643,740	12,271,556
Differences between expected and actual investment earning on plan investments	225,613	-
	4,758,565	13,887,649
Contributions subsequent to the measurement date	1,462,726	-
Total	$ 6,221,291	$ 13,887,649

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $1,362,668, which includes the implicit subsidy reported of $108,412, 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	$ (4,698,063)
2026	(3,796,187)
2027	(723,143)
2028	(37,127)
	$ (9,254,520)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Difference between expected and actual experience	$ 21,198	$ 1,056,139
Change of assumptions	144,311	171,615
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	35,858
Differences between expected and actual investment earning on plan investments	-	36,657
	165,509	1,300,269
Contributions subsequent to the measurement date	4,142	-
Total	$ 169,651	$ 1,300,269
2023		
Difference between expected and actual experience	$ 68,070	$ 224,929
Change of assumptions	580,367	527,448
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	32,583
Differences between expected and actual investment earning on plan investments	68,317	-
	716,754	784,960
Contributions subsequent to the measurement date	25,132	-
Total	$ 741,886	$ 784,960

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $0 which include the implicit subsidy of $4,142, 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 will be amortized and recognized in the University's OPEB expense as follows:

Year ending June 30:	
2025	$ (319,286)
2026	(382,750)
2027	(269,575)
2028	(163,148)
	$ (1,134,760)

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

Summary Pension Plan Information:

Summary Pension Plan Information as of June 30, 2024 and 2023:

	KERS	KTRS	Total
2024			
Net pension liability	$ 145,600,189	$ 105,499,161	$ 251,099,350
Deferred outflows of resources	13,782,852	20,805,652	34,588,504
Deferred inflows of resources	4,606,171	4,869,814	9,475,985
Pension expense adjustments	(6,614,078)	5,219,192	(1,394,886)
2023			
Net pension liability	$ 159,331,571	$ 99,234,802	$ 258,566,373
Deferred outflows of resources	16,784,202	23,923,616	40,707,818
Deferred inflows of resources	490,217	9,032,945	9,523,162
Pension expense adjustments	18,135,504	(9,818,549)	8,316,955

Summary OPEB Plan Information:

Summary OPEB Plan Information as of June 30, 2024 and 2023:

	KERS	KTRS	Total
2024			
Net OPEB liability	$ 1,886,169	$ 20,117,000	$ 22,003,169
Deferred outflows of resources	3,024,653	13,743,878	16,768,531
Deferred inflows of resources	12,047,123	13,577,000	25,624,123
OPEB expense adjustments	(7,891,307)	(1,700,907)	(9,592,214)
2023			
Net OPEB liability	$ 11,090,513	$ 26,992,000	$ 38,082,513
Deferred outflows of resources	6,963,177	17,494,971	24,458,148
Deferred inflows of resources	14,672,609	12,154,000	26,826,609
OPEB expense adjustments	(7,841,619)	(963,771)	(8,805,390)

(Continued)

NOTE 12 – RISK MANAGEMENT

The University is exposed to various risks of loss from torts, theft of, damage to or destruction of assets, business interruption, workers' compensation, employee injuries and illnesses, natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks, other than employee health. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth, the Kentucky Board of Claims handles tort claims on behalf of the University.

The University maintains a self-insurance program for employee's health insurance. Under this plan, the University pays premiums based on estimated claims. The University pays approximately 75% of the expenses of the plan for permanent full-time employees and their families. Expenses incurred to cover claims paid by the University under the plan for years ended June 30, 2024 and 2023 totaled $16,558,000 and $15,810,677, respectively. Administrative fees incurred for the years ended June 30, 2024 and 2023 were $70,252 and $870,808, respectively. Self-insurance liability is recorded within accrued salaries and benefits on the statement of net position.

Changes in the liability for self-insurance at June 30, 2024 and 2023 are as follows:

	2024	2023
Liability – beginning of year	$ 748,446	$ 1,399,610
Accruals for current year claims and changes in estimate	14,220,419	13,407,881
Claims paid	(16,558,000)	(15,810,677)
Other costs	1,756,530	1,751,632
Liability – end of year	$ 167,395	$ 748,446

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Construction Commitments – The estimated cost to complete construction projects under contract at June 30, 2024 and 2023, is approximately $233,047,881 and $170,048,159, respectively. The projects are to be financed principally by appropriations from the Commonwealth, proceeds from bonds, internal funds and gifts.

Claims and Litigation – The University is subject to various litigation and other claims in the ordinary course of business. University officials are of the opinion, based upon the advice of legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the University's financial position or results of operations.

Government Grants – The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. University management believes disallowances, if any, will not have a material adverse effect on the University's financial statements. Upon notification of final approval by the granting department or agency, the grants are considered closed.

(Continued)

NOTE 14 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Salaries and wages	$ 122,159,397	$ 118,353,399
Employee benefits	49,812,583	46,560,953
Supplies and other services	66,461,337	72,370,363
Travel	4,532,678	4,185,462
Depreciation and amortization	26,810,347	26,846,913
Student scholarships and financial aid	24,511,769	22,693,103
Utilities	9,327,562	10,006,531
Pension expense adjustments	(1,394,886)	8,316,955
OPEB expense adjustments	(9,592,214)	(8,805,390)
Other operating expenses	4,765,842	3,677,473
Total	$ 297,394,415	$ 304,205,762

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Eastern Kentucky University Foundation, Inc. (Foundation) is a corporation formed for educational, charitable, and public purposes in accordance with the provisions of Kentucky Revised Statutes (KRS) 273.0010. The Foundation is a component unit of Eastern Kentucky University (University). Specifically, the Foundation was founded to cooperate with the University and with the University's Board of Regents (Board) in the promotion of the educational, civic, and charitable purposes of the University and the Board in any lawful manner deemed appropriate by the Foundation's Board of Directors. This purpose includes the encouragement of scholarships and research, the promotion of the prestige, expansion, and development of the University's physical plant and faculty, and the assistance of the University's students and alumni.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under financial reporting standards for not-for-profit organizations, net assets, revenues, expenses, and gains (losses) are classified based on the existence or absence of donor-imposed restrictions.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents - With the exception of short-term debt instruments which have been designated for investment purposes, the Foundation considers all highly liquid instruments with original maturities when purchased of three months or less to be cash equivalents. Throughout the year, the Foundation's cash and cash equivalents balances typically exceed the amount insured by the Federal Deposit Insurance Corporation. At June 30, 2024, uninsured bank balances total approximately $15,280,000.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - The Foundation's investments are stated at fair value. Fair value is the amount that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants on the measurement date. Investments are recorded at cost when initially purchased. Income from investments consists of dividends and interest income net of related investment expenses. Net realized gains (losses) represent the gains (losses) on investments sold during the year. Net unrealized gains (losses) represent the gains (losses) on investments held throughout the year.

Alternative investments, consisting of limited partnerships, are carried at estimated fair value provided by the management of the alternative investment funds as of year-end, which is equivalent to net asset value (NAV). Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. The estimated fair value of the Foundation's alternative investments total approximately $577,000 and $897,000 as of June 30, 2024 and 2023, respectively.

The Foundation invests endowment matching funds for the Regional University Endowment Trust Fund (see Note 15.H.) on behalf of the University. In addition, the Foundation also invests Programs of Distinction (see Note 15.H.) related endowment funds on behalf of the University. Dividends and interest income and realized and unrealized gains and losses on investments are allocated between the Foundation and the University based on the percentage of investments owned.

The Foundation previously adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, net appreciation (depreciation) on endowment fund investments, whose income is otherwise unrestricted as to use, is reported as net assets with purposes restrictions until appropriated for expenditure by the Foundation, unless the donor has permanently restricted such net appreciation (depreciation). In cases where the donor has placed time or purpose restrictions on the use of the income from endowed gifts, the related net appreciation (depreciation) is subject to those restrictions and is reported as a part of net assets with donor restrictions until the restriction has been met.

Property and Equipment - Property and equipment is stated at cost, or at fair value if donated, and is depreciated on the straight-line method over the estimated useful lives of the assets as follows: 40-50 years for buildings and building improvements and 15-20 years for land improvements. The Foundation's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings and infrastructure and/or land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expenses are incurred.

The Foundation reviews for the impairment of long-lived assets subject to depreciation whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. No such impairment losses have been recognized with respect to the years ended June 30, 2024 and 2023.

Deferred Gift Liabilities - The carrying amount for deferred gift liabilities is the actuarially determined present value of the income distributions or other payments to the donors or other designated beneficiaries during the terms of the respective split-interest agreements.

Classification of Net Assets - The Foundation records and reports its assets, liabilities, net assets, revenues and other support, expenses, and gains (losses) based on the existence or absence of donor-imposed restrictions according to the two classes of net assets as follows:

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation, including endowment net assets which have been designated by the Foundation's Board of Directors. Such net assets may be used at the discretion of management and/or the Board of Directors. While the Foundation does not intend to expend Board designated endowment net assets for purposes other than those for which the funds have been designated, if necessary, such funds could be expended for current operations at the discretion of the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Certain donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition - The Foundation's primary sources of revenue/support are contributions, net income from investments, and net realized and unrealized gains/losses on investments. All such sources of revenue/support are scoped out of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Contributions - The Foundation recognizes contributions when cash/cash equivalents, investments, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. An unconditional promise to give (a pledge) is recognized in the year the pledge is made. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with donor stipulations that limit their use are reported as revenue and net assets with donor restrictions. Contributions which impose restrictions that are met in the same fiscal year the contributions are received are included in revenue without donor restrictions. When a donor stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the accompanying statements of activities as net assets released from restrictions.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows. The resulting discount is computed using a risk adjusted discount rate applicable to the years in which the unconditional promises are received (discount rates ranging from 1.28% to 5.79%). Amortization of the discounts is included in contribution revenue. The related allowance, an estimated amount, which, in management's judgment, is considered to be adequate to absorb future losses on amounts that may become uncollectible, is based upon a review of the outstanding pledges together with general historical collection experience.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of activities (see also Note 15.K). Program service expenses (support for the University) and management and general expenses are based on direct costs. Fundraising for the Foundation is provided by the University.

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Internal Revenue Service (IRS) has determined the Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code (Code). To the extent applicable, the Foundation is, however, subject to federal income tax on any unrelated business taxable income. The Foundation has been determined by the IRS not to be a private foundation within the context of Section 509(a) of the Code.

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits or liabilities will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit or liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit or liability will be recorded. Management is not aware of any tax benefits or liabilities which would warrant recognition as of June 30, 2024 and 2023.

The Foundation would recognize interest and penalties related to uncertain tax positions in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2024 and 2023.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Foundation's exposure to foreign currency risk derives from pooled non-U.S. equities investments with a fair value totaling approximately $19,200,000 and $17,800,000 as of June 30, 2024 and 2023, respectively. The Foundation's endowment investment policy allows managers to invest a portion of funds in non-U.S. securities in accordance with the guidelines established in the investment policy.

Recent Accounting Pronouncements - Effective July 1, 2023, the Foundation adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as expected increases or decreases of expected credit losses that have taken place during the period. The standard was adopted with no material impact on the accompanying financial statements.

Reclassifications - Certain amounts presented in the 2023 financial statements have been reclassified to conform to the 2024 presentation. There have been no changes to the 2023 change in net assets or total net assets as of June 30, 2023 as a result of these reclassifications.

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to year-end to determine the need for any adjustments to and/or discussions within the accompanying financial statements as of and for the year ended June 30, 2024. Management has performed its analysis through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Foundation could draw upon its Board designated endowment net assets.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows at June 30, 2024 and 2023:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 15,785,056	$ 11,708,900
Investments	98,620,133	92,959,875
Pledges receivable – net	1,763,462	1,817,232
	116,168,651	106,486,007
Less amounts not available to be used within one year or amounts not available without Board approval		
Assets held for others	(24,781,833)	(22,876,766)
Board designated endowment net assets	(11,584,117)	(11,150,498)
Donor restricted net assets for use in future periods	(36,016,439)	(32,753,020)
Donor restricted net assets in perpetuity	(41,353,905)	(39,456,526)
Endowment spend/appropriations	3,354,226	2,960,635
Total financial assets available for general expenditure	$ 5,786,583	$ 3,209,832

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value of financial instruments as of June 30, 2024 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 3,290,418	$ 3,290,418	$ -	$ -
Equities	68,137,679	68,137,679	-	-
Fixed income	26,605,072	26,605,072	-	-
Alternatives				
Limited partnerships	586,964	-	-	586,964
Totals	$ 98,620,133	$ 98,033,169	$ -	$ 586,964

The fair value of financial instruments as of June 30, 2023 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 3,328,487	$ 3,328,487	$ -	$ -
Banker's acceptances	4,187,475	-	4,187,475	-
Equities	61,508,051	61,508,051	-	-
Fixed income	23,038,491	23,038,491	-	-
Alternatives				
Limited partnerships	897,371	-	-	897,371
Totals	$ 92,959,875	$ 87,875,029	$ 4,187,475	$ 897,371

The fair values of money market funds, equity investments, and fixed income investments are generally determined using quoted market prices and are classified as Level 1 financial instruments. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions, and third-party pricing services.

The fair value of banker's acceptances is determined using a yield curve matrix derived from quoted prices for similar assets in active markets and is classified as a Level 2 financial instrument. The maturity dates of the banker's acceptances generally range from approximately 30 to 360 days. Each of the respective banker's acceptances can, however, be redeemed by the Foundation at a discount upon demand.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

For alternative investments, which consist of investments in limited partnerships, for which there is no active market, the fair values are initially based on valuations determined by the respective investment managers using net asset values (NAVs) as of their most recent statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through year-end. The NAVs of the funds are determined on the accrual basis of accounting in conformity with U.S. GAAP. In certain instances, secondary investments require reporting other than U.S. GAAP such as International Financial Reporting Standards or Tax Basis accounting, in which case the investment managers adjust values to more accurately comply with U.S. GAAP. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on a national securities exchange, the values represent the publicly traded values. Holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals, and/or the income approach.

Management has performed an independent review of valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. Alternative investments are not readily marketable and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed.

The following table provides additional information as of June 30, 2024 relative to alternative investments:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships	$ 586,964	$ 552,913	fund dissolved	N/A

The "fund of funds" investments in limited partnerships are "off-shore" private equity funds which invest in securities for which there are no readily available market quotations. The objective of these investments is to realize long-term total return by investing in a diversified group of pooled investments.

Each of the limited partnerships has a term of fifteen years, provided, however, that the fund manager, in its sole discretion, may elect to extend such term if it believes such extensions are necessary or desirable in order to affect an orderly liquidation of the limited partnership investments. The fund manager may, in its sole discretion, elect to terminate the limited partnership prior to the end of the term or any extension period.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The years ended June 30, 2024 and 2023 activity with respect to the investments reflected as Level 3 is as follows:

	2024	2023
Beginning of year	$ 897,371	$ 1,051,027
Net realized and unrealized losses on investments	(270,849)	(90,094)
Net sales of investments	(39,558)	(63,562)
End of year	$ 586,964	$ 897,371

See also Note 15.G. with respect to deferred gift liabilities (Level 3 fair value measurement).

All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

D. ENDOWMENT

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the Foundation's Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Foundation's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2010, UPMIFA was adopted by the Commonwealth of Kentucky. The Foundation interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with purposes restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

D. ENDOWMENT (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The purposes of the endowment fund
- The duration and preservation of the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the "historic dollar value" level the Foundation is required to preserve as a fund of perpetual duration. At June 30, 2024, the fair value of funds with deficiencies total approximately $3,496,000. At June 30, 2024, such funds are below the "historic dollar value" level the Foundation is required to preserve as a fund of perpetual duration (approximately $3,582,000) by approximately $86,000. At June 30, 2023, the fair value of funds with deficiencies total approximately $4,176,000. At June 30, 2023, such funds are below the "historic dollar value" level the Foundation is required to preserve as a fund of perpetual duration (approximately $4,596,000) by approximately $420,000.

At June 30, 2024, endowment funds consist of the following:

	Without Donor Restrictions	With Donor Restrictions		
		Purpose Restrictions	In Perpetuity	Total
Board designated	$ 11,584,117	$ -	$ -	$ 11,584,117
Donor restricted	-	26,387,733	40,525,864	66,913,597
Totals	$ 11,584,117	$ 26,387,733	$ 40,525,864	$ 78,497,714

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

D. ENDOWMENT (Continued)

Changes in endowment funds for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Purpose Restrictions	In Perpetuity	Total
Beginning of year	$ 11,150,498	$ 22,549,555	$ 38,626,624	$ 72,326,677
Contributions	42,724	163,446	1,899,240	2,105,410
Investment return				
Net investment income	175,361	1,857,950	-	2,033,311
Net realized and unrealized appreciation	913,588	5,982,258	-	6,895,846
Appropriation of endowment assets for expenditure	(698,054)	(4,165,476)	-	(4,863,530)
End of year	$ 11,584,117	$ 26,387,733	$ 40,525,864	$ 78,497,714

At June 30, 2023, endowment funds consist of the following:

	Without Donor Restrictions	With Donor Restrictions		
		Purpose Restrictions	In Perpetuity	Total
Board designated	$ 11,150,498	$ -	$ -	$ 11,150,498
Donor restricted	-	22,549,555	38,626,624	61,176,179
Totals	$ 11,150,498	$ 22,549,555	$ 38,626,624	$ 72,326,677

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

D. ENDOWMENT (Continued)

Changes in endowment funds for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Purpose Restrictions	In Perpetuity	Total
Beginning of year	$ 9,590,040	$ 19,478,719	$ 34,997,954	$ 64,066,713
Contributions	464,130	77,809	3,628,670	4,170,609
Investment return				
Net investment income	157,216	1,715,836	-	1,873,052
Net realized and unrealized appreciation	1,053,320	4,507,870	-	5,561,190
Appropriation of endowment assets for expenditure	(114,208)	(3,230,679)	-	(3,344,887)
End of year	$ 11,150,498	$ 22,549,555	$ 38,626,624	$ 72,326,677

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while over time seeking to maintain the purchasing power of the endowment assets. Under the Foundation's policies, endowment assets are invested in a manner that emphasizes total return. Specifically, the primary objective is to emphasize long-term growth of principal while avoiding excessive risk, to achieve a balanced return of current income and modest growth of principal, and to achieve a rate of return equal to or higher than the Endowment and Foundation Index or other benchmarks as determined by the Foundation's Board of Directors.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends and interest). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets of the Foundation are invested in a broad range of equities and debt securities, thereby generally limiting the market risk exposure in any single investment manager or individual investment.

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The Foundation has a policy of appropriating for distribution each year up to 5.0% of a three-year rolling average of the fund's value. Likewise, it is the policy of the Foundation that, annually, up to 1.5% of a three-year rolling average of the fund's value be designated for unrestricted use by the Foundation in furtherance of its singular mission to provide support for the advancement of the University. The policies are monitored by the Executive Committee of the Foundation's Board of Directors and may be amended in accordance with market conditions. Earnings above the annually designated portions are reinvested in the corpus to insure long-term growth and stability.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

E. PLEDGES RECEIVABLE

At June 30, 2024, net pledges receivable consists of the following:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	In Perpetuity	
Current pledges receivable				
Estimated to be collected in less than one year	$ -	$ 356,477	$ 291,101	$ 647,578
Less allowance	-	(28,500)	(23,300)	(51,800)
	$ -	$ 327,977	$ 267,801	$ 595,778
Long-term pledges receivable				
Estimated to be collected in one to five years	$ -	$ 753,944	$ 683,240	$ 1,437,184
Estimated to be collected thereafter	-	-	-	-
Less allowance	-	(60,400)	(54,600)	(115,000)
Less discounts to net present value	-	(86,100)	(68,400)	(154,500)
	$ -	$ 607,444	$ 560,240	$ 1,167,684
Totals	$ -	$ 935,421	$ 828,041	$ 1,763,462

At June 30, 2023, net pledges receivable consists of the following:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	In Perpetuity	
Current pledges receivable				
Estimated to be collected in less than one year	$ 800	$ 312,870	$ 276,017	$ 589,687
Less allowance	-	(25,000)	(22,100)	(47,100)
	$ 800	$ 287,870	$ 253,917	$ 542,587
Long-term pledges receivable				
Estimated to be collected in one to five years	$ 800	$ 822,260	$ 694,785	$ 1,517,845
Estimated to be collected thereafter	-	-	-	-
Less allowance	(100)	(65,800)	(55,600)	(121,500)
Less discounts to net present value	-	(58,500)	(63,200)	(121,700)
	$ 700	$ 697,960	$ 575,985	$ 1,274,645
Totals	$ 1,500	$ 985,830	$ 829,902	$ 1,817,232

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

F. PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, net property and equipment consists of the following:

	2024	2023
Land	$ 250,000	$ 250,000
Buildings and building improvements	600,000	600,000
	850,000	850,000
Less accumulated depreciation	(217,472)	(203,348)
Total property and equipment - net	$ 632,528	$ 646,652

Depreciation expense for each of the years ended June 30, 2024 and 2023 totals approximately $14,000.

G. DEFERRED GIFT LIABILITIES

Over time, the Foundation has been the recipient of gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value.

The accompanying statements of financial position reflect a liability at June 30, 2024 and 2023 totaling $249,986 and $265,279, respectively, which represents the estimated present value of the future annuity obligations calculated using discount rates ranging from 5.5% to 7.3%. The actuarial related assumptions used in calculating the respective present values include the beneficiary's age and life expectancy, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate at the date of the contribution determined in accordance with the Code. The carrying amount of the deferred gift liabilities estimates fair value and is calculated using Level 3 inputs (see also Note 15C).

The years ended June 30, 2024 and 2023 activity with respect to deferred gift liabilities is as follows:

	2024	2023
Beginning of year	$ 265,279	$ 277,087
New deferred gifts	-	-
Payment obligations	(43,212)	(42,972)
Net reduction attributable to death of donors	(8,130)	-
Net actuarial change	36,049	31,164
End of year	$ 249,986	$ 265,279

At June 30, 2024 and 2023, investments relative to such deferred gift liabilities total $841,530 and $806,797, respectively.

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

H. ASSETS HELD FOR OTHERS

Assets held for others represent resources in the possession of, but not under the control of, the Foundation. At June 30, 2024 and 2023, assets held for others consist of the following:

	2024	2023
Regional University Endowment Trust Fund	$ 22,397,556	$ 20,679,052
Programs of Distinction	2,384,277	2,197,714
Total assets held for others	$ 24,781,833	$ 22,876,766

I. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024 and 2023, net assets with donor restrictions consist of the following:

	2024	2023
Subject to expenditure for specified purposes:		
Scholarships program	$ 2,617,827	$ 4,727,896
Academic programs	3,023,611	5,051,519
Athletic programs	301,848	618,775
Capital projects	647,339	1,291,812
Other	29,425,814	21,063,018
Total net assets with donor restrictions - purpose restrictions	36,016,439	32,753,020
Endowment to be maintained in perpetuity:		
Scholarships program	30,194,382	28,948,286
Academic programs	10,154,075	9,536,527
Athletic programs	34,899	34,799
Capital projects	450,135	450,135
Other	520,414	486,779
Total net assets with donor restrictions - perpetual in nature	41,353,905	39,456,526
Total net assets with donor restrictions	$ 77,370,344	$ 72,209,546

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

J. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Purposes restrictions satisfied/time restrictions expired:		
Scholarships program	$ 2,533,936	$ 1,706,475
Academic programs	2,553,482	1,647,341
Athletic programs	731,945	767,947
Capital projects	803,830	152,928
Other support for the University	2,321,170	711,466
Total net assets released from restrictions	$ 8,944,363	$ 4,986,157

K. FUNCTIONAL EXPENSE CLASSIFICATION

The Foundation’s expenses by functional classification for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Program services - support for the University:		
Scholarships program	$ 2,682,044	$ 1,915,007
Academic programs	2,956,318	1,229,383
Athletic programs	731,945	714,705
Capital projects	894,285	351,060
Other	2,142,893	1,461,910
Depreciation	14,124	14,124
Total program services - support for the University	$ 9,421,609	$ 5,686,189
Management and general		
Professional and consulting fees	$ 137,603	$ 168,920
Other	35,910	77,377
Total management and general	$ 173,513	$ 246,297
Total expenses	$ 9,595,122	$ 5,932,486

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

L. CONCENTRATIONS

At June 30, 2024, approximately 55% of total outstanding gross pledges receivable are due between two donors (approximately 40% and 15%, respectively). At June 30, 2023, approximately 75% of total outstanding gross pledges receivable are due between three donors (approximately 40%, 25%, and 10%, respectively).

For the year ended June 30, 2024, one donor represents approximately 15% of total contributions revenue. For the year ended June 30, 2023, two donors represent approximately 30% of total contributions revenue (approximately 20% and 10%, respectively).

M. RELATED PARTY TRANSACTIONS

Eastern Kentucky University - The University provides various administrative services to the Foundation. In addition, during the year ended June 30, 2024, the University expended $2,682,044 and $866,882 on behalf of the Foundation with respect to scholarships and employee salaries/related benefits, respectively. Such amounts are ultimately reimbursed by the Foundation. During the year ended June 30, 2023, the University expended $1,915,007 and $692,938 on behalf of the Foundation with respect to scholarships and employee salaries/related benefits, respectively. At June 30, 2024 and 2023, the amount due to the University on the accompanying statements of financial position totals $1,495,300 and $114,462, respectively.

Other - At June 30, 2024 and 2023, outstanding gross pledges receivable due from related parties (members of the University's Board of Regents, the Foundation's Board of Directors, or employees of the University) total $64,425 and $55,167, respectively. Such gross pledges receivable amounts are included in the amounts reflected in Note 15E.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(in thousands)
June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
KERS – Non-Hazardous										
University's proportion of the net pension liability	1.16%	1.17%	0.64%	0.64%	1.08%	1.45%	1.75%	1.82%	1.71%	1.61%
University's proportionate share of the net pension liability	$ 143,002	$ 155,696	$ 156,043	$ 90,233	$ 152,149	$ 197,366	$ 234,290	$ 207,489	$ 171,780	$ 144,048
University's covered payroll	$ 5,676	$ 5,081	$ 4,694	$ 9,083	$ 15,504	$ 24,966	$ 26,630	$ 29,378	$ 27,312	$ 27,301
University's proportionate share of the net pension liability as a percentage of its covered payroll	2519.62%	3064.19%	3324.31%	993.48%	981.36%	790.54%	879.80%	706.27%	628.95%	527.63%
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%	22.32%	22.32%
KERS – Hazardous										
University's proportion of the net pension liability	0.61%	0.72%	0.71%	0.70%	0.72%	0.63%	0.64%	0.07%	-%	-%
University's proportionate share of the net pension liability	$ 2,598	$ 3,635	$ 3,159	$ 3,918	$ 3,953	$ 3,169	$ 3,185	$ 275	$ -	$ -
University's covered payroll	$ 1,525	$ 1,312	$ 1,292	$ 1,263	$ 1,201	$ 1,079	$ 518	$ -	$ -	$ -
University's proportionate share of the net pension liability as a percentage of its covered payroll	170.39%	277.13%	244.50%	310.21%	329.14%	293.70%	614.86%	-%	-%	-%
Plan fiduciary net position as a percentage of the total pension liability	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.80%	57.41%	-%	-%
KTRS										
University's proportion of the net pension liability	0.59%	0.56%	0.63%	0.61%	0.60%	0.71%	0.68%	1.13%	1.12%	1.10%
University's proportionate share of the net pension liability	$ 105,499	$ 99,235	$ 86,072	$ 90,620	$ 86,450	$ 97,175	$ 193,364	$ 349,600	$ 274,717	$ 237,056
State's proportionate share of the net pension liability associated with the University	117,344	128,957	90,869	95,303	93,677	72,297	154,108	32,949	27,936	26,899
Total	$ 222,843	$ 228,192	$ 176,941	$ 185,923	$ 180,127	$ 169,472	$ 347,472	$ 382,549	$ 302,653	$ 263,955
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 52,805	$ 53,396	$ 88,822	$ 89,975	$ 89,598	$ 87,589	$ 83,276
University's proportionate share of the net pension liability as a percentage of its covered payroll	188.13%	177.72%	155.35%	171.61%	161.90%	109.40%	214.91%	390.19%	313.64%	284.66%
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%	45.59%

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

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PENSION CONTRIBUTIONS
(in thousands)

June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
KERS – Non-Hazardous										
Contractually required contribution	$ 11,917	$ 11,868	$ 12,083	$ 1,788	$ 3,726	$ 6,426	$ 9,038	$ 10,658	$ 9,072	$ 8,774
Contributions in relation to the contractually required contribution	(11,917)	(11,868)	(12,083)	(1,788)	(3,726)	(6,426)	(9,038)	(10,658)	(9,072)	(8,774)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 5,676	$ 5,081	$ 4,694	$ 4,972	$ 8,979	$ 15,504	$ 24,966	$ 26,630	$ 29,378	$ 27,312
Contributions as a percentage of covered payroll	209.98%	233.56%	257.43%	35.96%	41.49%	41.45%	36.20%	40.02%	30.88%	32.13%
KERS – Hazardous										
Contractually required contribution	$ 508	$ 421	$ 434	$ 450	$ 424	$ 415	$ 311	$ 159	$ -	$ -
Contributions in relation to the contractually required contribution	(508)	(421)	(434)	(450)	(424)	(415)	(311)	(159)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 1,525	$ 1,312	$ 1,292	$ 1,238	$ 1,263	$ 1,201	$ 1,079	$ 518	$ -	$ -
Contributions as a percentage of covered payroll	33.35%	32.15%	33.62%	36.35%	33.60%	34.55%	28.82%	30.69%	-%	-%
KTRS										
Contractually required contribution	$ 7,100	$ 7,179	$ 7,520	$ 7,535	$ 7,136	$ 7,148	$ 8,612	$ 8,814	$ 8,843	$ 7,235
Contributions in relation to the contractually required contribution	(7,100)	(7,179)	(7,520)	(7,535)	(7,136)	(7,148)	(8,612)	(8,814)	(8,843)	(7,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 55,693	$ 52,805	$ 53,396	$ 88,822	$ 89,975	$ 89,598	$ 87,589
Contributions as a percentage of covered payroll	12.66%	12.86%	13.57%	13.53%	13.51%	13.39%	9.70%	9.80%	9.87%	8.26%

KERS

Changes of benefit terms and assumptions: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016: The assumed investment rate of return was decreased from 7.50% to 6.75%.

2017:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Salary growth assumption was reduced from 4.00% to 3.05%.
- Payroll growth assumption was reduced from 4.00% to 0.00% (Non-hazardous) and 4.00% to 2.00% (Hazardous).

2018:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 was determined using these updated benefit provisions.

(Continued)

KERS (Continued)

2019: *Changes in Assumptions and Benefit Terms*: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

2020: There have been no assumption changes or benefit terms.

2021: House Bill 8, passed in the 2021 legislative session, changed how employers contributions are allocated in the KERS Non Hazardous plan. The change does not impact the total pension liability, but does impact the amount of liability allocated to some employers. Several employers will see a significant increase in the allocation percentage of the total pension liability.

2022: There have been no assumption changes or benefit terms.

2023: There have been no assumption changes or benefit terms.

KTRS

Changes of benefit terms and assumptions: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: *Changes of benefit terms:* None

Changes of Assumptions: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

(Continued)

KTRS (Continued)

2016: Since the previous valuation, various economic and demographic assumptions have been revised to reflect the results of the experience investigation for the five-year period ending June 30, 2015.

The changes adopted by the Board on September 19, 2016, include various demographic and economic assumptions summarized below:

- Price inflation changed assumed rate from 3.50% to 3.00%.
- Wage inflation changed assumed rate from 4.00% to 3.50%.
- Assumed salary scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages.
- Assumed rates of withdrawal, disability, retirement, and mortality have been adjusted to more closely reflect experience.
- The discount rate was changed from 4.88% to 4.20%.

2017:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20% to 4.49%. The change in the discount rate is considered a change in actuarial assumptions under GASB 68.

2018:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2018 reflects the assumed municipal bond index rate increase from 3.56 percent to 3.89 percent, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.49 percent to 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2018. The total pension liability as of June 30, 2017 reflects the assumed municipal bond index rate increase from 3.01 percent to 3.56 percent, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20 percent to 4.49 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2017.

2019:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The TPL as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.89 percent to 3.50 percent. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2019.

2020:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The TPL as of June 30, 2020 reflects the assumed municipal bond index rate decrease from 3.5 percent to 2.19 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2020.

(Continued)

KTRS (Continued)

2021:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date -- The total pension liability as of June 30, 2021 reflects the assumed municipal bond index rate decrease from 2.19 percent to 2.13 percent, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 7.50 percent to 7.10 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2021.

2022:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date -- On January 1, 2022, KTRS introduced KTRS Tier 4 for new members starting membership after January 1, 2022. Tier 4 is a comprehensive retirement plan that includes a foundational benefit, a supplemental benefit which is a savings component, and retiree health insurance.

2023:

There have been no assumption changes or benefit terms.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018

	2024	2023	2022	2021	2020	2019	2018
KERS – Non-Hazardous							
University's proportion of the net OPEB liability	0.40%	0.50%	1.04%	0.64%	1.07%	1.45%	1.75%
University's proportionate share of the net OPEB liability	$ 3,164	$ 11,036	$ 23,624	$ 16,174	$ 23,948	$ 34,368	$ 44,378
University's covered payroll	$ 5,675	$ 5,081	$ 4,694	$ 8,979	$ 15,504	$ 24,966	$ 26,630
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.75%	217.19%	503.32%	180.13%	154.46%	137.66%	166.65%
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%
KERS – Hazardous							
University's proportion of the net OPEB liability	0.61%	0.72%	0.71%	0.70%	0.72%	0.63%	0.64%
University's proportionate share of the net OPEB liability (asset)	$ (1,278)	$ 55	$ (82)	$ 299	$ (194)	$ (208)	$ 39
University's covered payroll	$ 1,525	$ 1,312	$ 1,292	$ 1,263	$ 1,201	$ 1,079	$ 518
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	(83.80)%	4.16%	(6.32)%	23.66%	(16.14%)	(19.28%)	7.53%
Plan fiduciary net position as a percentage of the total OPEB liability	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.80%
KTRS – Medical Insurance							
University's proportion of the net OPEB liability	0.81%	1.07%	0.74%	0.72%	0.73%	0.73%	0.79%
University's proportionate share of the net OPEB liability	$ 19,666	$ 26,486	$ 15,947	$ 18,073	$ 21,503	$ 25,293	$ 28,232
State's proportionate share of the net OPEB liability associated with the University	9,328	1,664	7,171	7,967	9,592	12,379	12,803
Total	$ 28,994	$ 28,150	$ 23,118	$ 26,040	$ 31,095	$ 37,672	$ 41,035
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 52,805	$ 53,396	$ 88,822	$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.07%	47.44%	28.78%	34.23%	40.27%	28.48%	31.38%
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							
University's proportion of the net OPEB liability	1.59%	1.63%	1.67%	1.58%	1.60%	1.62%	1.70%
University's proportionate share of the net OPEB liability	$ 451	$ 506	$ 219	$ 548	$ 498	$ 457	$ 373
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 52,805	$ 53,396	$ 88,822	$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.80%	0.91%	0.40%	1.04%	0.93%	0.51%	0.41%
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%

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

** This is a ten-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 ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018

	2024	2023	2022	2021	2020	2019	2018
KERS – Non-Hazardous							
Contractually required contribution	$ 1,254	$ 1,242	$ 1,382	$ 366	$ 763	$ 1,316	$ 1,851
Contributions in relation to the contractually required contribution	(1,254)	(1,242)	(1,382)	(366)	(763)	(1,316)	(1,851)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 5,675	$ 5,081	$ 4,694	$ 4,972	$ 8,979	$ 15,504	$ 24,966
Contributions as a percentage of covered payroll	22.10%	24.45%	29.44%	7.36%	8.50%	8.49%	7.41%
KERS – Hazardous							
Contractually required contribution	$ -	$ -	$ -	$ 30	$ 30	$ 30	$ 33
Contributions in relation to the contractually required contribution	-	-	-	(30)	(30)	(30)	(33)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 1,525	$ 1,312	$ 1,292	$ 1,238	$ 1,263	$ 1,201	$ 1,079
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	2.43%	2.40%	2.50%	3.06%
KTRS – Medical Insurance							
Contractually required contribution	$ 1,333	$ 1,347	$ 1,241	$ 1,295	$ 1,216	$ 1,230	$ 1,512
Contributions in relation to the contractually required contribution	(1,333)	(1,347)	(1,241)	(1,295)	(1,216)	(1,230)	(1,512)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 55,693	$ 52,805	$ 53,396	$ 88,822
Contributions as a percentage of covered payroll	2.38%	2.41%	2.24%	2.32%	2.30%	2.30%	17.02%
KTRS – Life Insurance							
Contractually required contribution	$ 21	$ 21	$ 17	$ 17	$ 16	$ 16	$ 19
Contributions in relation to the contractually required contribution	(21)	(21)	(17)	(17)	(16)	(16)	(19)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 56,079	$ 55,836	$ 55,404	$ 55,693	$ 52,805	$ 53,396	$ 88,822
Contributions as a percentage of covered payroll	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.02%

* This is a ten-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 ten years of information is available.

** Employer contributions do not include the expected implicit subsidy.

KERS

2017:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions have been updated as follows:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The salary increase assumption was reduced from 4.00% to 3.05%.
- The payroll growth assumption was reduced from 4.00% to 2.00%.

2018:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who dies in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

2019:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total OPEB Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

(Continued)

KERS (Continued)

2020:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2021, the assumed increase in future health care costs was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11 percent to reflect the repeal of the Health Insurer Fee.

2021:

House Bill 8, passed in the 2021 legislative session, changed how employers contributions are allocated in the KERS Non Hazardous plan. The change does not impact the total post-employment liability but does impact the amount of liability allocated to some employers. Several employers will see a significant increase in the allocation percentage of the total post-employment benefits liability.

2022:

Changes in Assumptions: For the June 30, 2022 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.26% to 5.72% for the nonhazardous plan and from 5.01% to 5.59% for the hazardous plan.

2023:

Changes in Assumptions: For the June 30, 2023 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the nonhazardous plan and from 5.59% to 5.94% for the hazardous plan.

KTRS

2017:

Changes to benefit terms: Medical Insurance: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is 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.

2018:

Changes of benefit terms – For the Life Insurance Plan, changes in assumptions or benefit terms as of June 30, 2019 included a change to the investment rate of returns, municipal bond index rate, discount rate, and single equivalent interest rate noted in the table above. For the Medical Insurance Plan, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is 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 change occurred in the prior year, while there were no other changes in the current year.

(Continued)

KTRS (Continued)

2019:

Changes of assumptions – Medical Insurance Plan: The healthcare cost trend rate for Pre-65 decreased from 7.75 percent to 7.50 percent and Post-65 decreased from 5.75 percent to 5.50 percent. Medicare Part B premiums increased to 2.63 percent from 0.0 percent. The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

2020:

Changes of assumptions – Medical Insurance Plan: The healthcare cost trend rate for Pre-65 decreased from 7.50 percent for fiscal year 2020 to 7.25 percent for fiscal year 2021 and Post-65 decreased from 5.50 percent for fiscal year 2020 to 5.25 percent for fiscal year 2021. Medicare Part B premiums increased to 6.49 percent for fiscal year 2021 from 2.63 percent for fiscal year 2020. The municipal bond index rate decreased from 3.50 percent to 2.19 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 3.50 percent to 2.19 percent.

2021:

Changes of assumptions – Medical Insurance Plan: The municipal bond index rate decreased from 2.19 percent to 2.13 percent.

Changes of assumptions – Medical Insurance Plan: The single equivalent interest rate (SEIR) decreased from 7.50 percent to 7.10 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 2.19 percent to 2.13 percent.

Changes of assumptions – Life Insurance Plan: The single equivalent interest rate (SEIR) decreased from 7.50 percent to 7.10 percent.

2022: There were no assumption changes or changes to benefit terms.

2023: *Changes of assumptions – Medical Insurance Plan*: The health care trend rates, as well as the TRS retirement decrements, were updated to reflect anticipated experience.

Changes of assumptions – Life Insurance Plan: The TRS 4 retirement decrements were updated to reflect future anticipated experience.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Eastern Kentucky University ("the University" or "University") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 4, 2024. Our report includes a reference to other auditors who audited the financial statements of Eastern Kentucky University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of Eastern Kentucky University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
November 4, 2024

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Kentucky University's ("the University" or "University") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the University's financial statements as of and for the year ended June 30, 2024, and have issued our report thereon dated November 4, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Lexington, Kentucky
November 4, 2024

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF EDUCATION				
Direct Programs –				
Student Financial Aid Cluster				
Federal Pell Grant Program		84.063	$ 30,484,501	$ -
Federal Supplemental Educational Opportunity Grant		84.007	822,693	-
Federal Work Study Program		84.033	633,772	-
Federal Work Study Job Location/Development		84.033	66,308	-
Federal Work Study Veterans Affairs Program		84.033	7,744	-
Federal Perkins Loan Program		84.038	1,243,055	-
Teach Grant		84.379	21,766	-
Federal Direct Student Loans – Direct Lending		84.268	58,410,582	-
Federal Direct Student Loans – PLUS		84.268	5,996,038	-
Total Student Financial Aid Cluster			97,686,459	-
TRIO Cluster				
NOVA Student Support Services FY22		84.042A	2,911	-
NOVA Student Support Services FY23		84.042A	68,537	-
NOVA Student Support Services FY24		84.042A	332,656	-
			404,104	-
Educational Talent Search FY23		84.044A	90,858	-
Educational Talent Search FY24		84.044A	343,984	-
			434,842	-
Upward Bound FY23		84.047A	(531)	-
Upward Bound FY24		84.047A	353,887	-
Upward Bound Student Support FY24		84.047A	117,836	-
Upward Bound FY25		84.047	52,643	-
Upward Bound Student Support FY25		84.047	6,760	-
Veterans Upward Bound Program FY24		84.047V	265,293	-
			795,888	-
Ronald E. McNair Program – Administrative 2023		84.217A	50,781	-
Ronald E. McNair Program – Student Support 2023		84.217A	19,364	-
Ronald E. McNair Program – Student Support 2024		84.217A	179,266	-
			249,411	-
Total Trio Cluster			1,884,245	-
Equipping the EKU Center for Stem Excellence		84.116Z	69,336	-
Pass-Through Programs –				
Kentucky Council on Postsecondary Education				
EKU Dual Credit Bridge Grant	SC 415 2200001449	84.425C	1,272	-
EKU Corbin & Manchester Dual Credit	SC 415 2200001449	84.425C	3,833	-
			5,105	-

(Continued)

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF EDUCATION (Continued)				
Kentucky Department of Education				
21st Century Community Learning Center FY24	PON2 540 2300003238	84.287	$ 210,871	$ -
Southern KY Migrant Education Program Regional Center FY23	PON2 540 2300000700	84.011A	18,768	-
Interpreter Training Program FY24	PON2 540 2300003506	84.027	343,166	-
Perkins Professional Development Ag Teacher FY24	PON2 540 2400003524	84.048	43,290	-
Post-School Predictor Implement Project	PON2 540 2300003236	84.425U	124,600	-
Powered By Inclusion Scholarship Program Fall 23	PON2 540 2400000276	84.425U	57,500	-
			798,195	-
Total U.S. Department of Education			100,443,340	-
RESEARCH AND DEVELOPMENT				
Direct Programs –				
Department of Interior				
Surveillance of bark-mimic roosts for Indiana bats at Veterans Memorial Wildlife Management		15.xxx	3,744	-
National Institute of Justice				
Exp/Num Invest Thermo Chem		16.560	21,196	-
National Science Foundation				
Collaborative Research: Heritable Plant Fungus		47.074	14,031	-
REU Site: Disturbance Ecology in Central Appalachia		47.074	22,946	-
REPS Supplement to REU Site: Disturbance Ecology in Central Appalachia		47.074	592	-
Precision Measurements of Neutron Beta Decay to Test Fundamental Symmetric		47.049	119,275	-
CAREER: Advancing scientific knowledge of tropical mutualistic network science & public knowledge of tropical bee importance		47.083	81,562	-
Int'l CAREER: Advancing Scientific Knowledge		47.083	36,951	-
Equip: MRI: Acquisition of Maldi-TOF		47.083	319,339	-
			594,696	-
Pass-Through Programs –				
Department of Agriculture				
Building Market Infrastructure for Climate	NR233A750004G057-001	10.937	34,421	-
US Department of Health and Human Services				
University of Louisville Research Foundation				
Improving the Biostability FY24	ULRF_18-0975E-02	93.859	52,163	-

(Continued)

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
RESEARCH AND DEVELOPMENT (Continued)				
Pass-Through Programs –				
National Science Foundation				
Tulane University				
Data Management for the BL3 Experiment	TUL-SCC-560248-22/23	47.049	$ 10,795	$ -
University of Kentucky Research Foundation				
D3TaLES FY23 YR3	3200005028-21-053	47.049	6,278	-
D3TaLES FY23 YR4 FY24	3200005739-21-053	47.049	12,357	-
KY Advanced Manufacture Init	3200002692-21-336	47.083	4,173	-
Simulations models for KAMPERS	3200002692-21-336	47.083	349	-
Robotic End Effector Design YR 4 FY 23	3200002692-21-336	47.083	29,784	-
KY Advanced Manufacturing Init. YR 4 FY 23	3200002692-21-336	47.083	45,942	-
KAMPERS YR 4 FY 23	3200002692-21-336	47.083	13,667	-
Development of FPGA YR 4 YR 23	3200002692-21-336	47.083	21,440	-
Supplemental Funding Through UK – Dimensions US – China: Collaborative Research: Impacts of heritable plant-fungus Symbiosis on phylogenetic, Genetic and functional diversity	3200004759-22-229	47.074	21,703	-
			155,693	-
Total Research and Development			872,708	-
DEPARTMENT OF AGRICULTURE				
Direct Programs –				
Recreation & Natural Resource Management in the Daniel Boone National Forest		10.xxx	6,206	-
Recreation Resource Mgmt. in DBF Mod 3		10.xxx	7,426	-
Recreation Mgmt/Stearns Dist DBNF		10.xxx	23,889	-
Archeological Invest DBNF		10.xxx	8,467	-
			45,988	-
Pass-Through Programs –				
Kentucky Cabinet for Health & Family Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster):				
University Training Consortium FY 24	PON2 736 2200002854	10.561	939,076	-
Ruffed Grouse Society & American Woodcock Society				
Monitoring Landbirds in Dynamic Forest Restoration Blocks	N/A	10.092	$ 3,325	$ -
Kentucky State University				
Promote Agroforestry Food Products	211239-206005-3100	10.216	11,672	-

(Continued)

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF AGRICULTURE (Continued)				
Pass-Through Programs –				
Kentucky Department of Education				
2024 Summer Food Service Program	N/A	10.559	7,963	-
2023 Summer Food Service Program	12114	10.559	5,360	-
			13,323	-
Total Department of Agriculture			1,013,384	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs –				
National Institute of Environmental Health Sciences				
One global environment conference		93.867	7,982	-
Pass-Through Programs –				
Kentucky Cabinet for Health & Family Services				
Strengthening Kentucky's Public Health Infrastructure	SC 728 230000593	93.354	133,809	-
Workforce Development Educational Assistance Program	SC 728 230000593	93.354	220,923	-
			354,732	-
University Training Consortium FY24	PON2 736 2200002932	93.556	114,182	-
Temporary Assistance for Needy Families:				
Center for Student Parents FY23	SC 736 2200001175	93.558	453	-
Center for Student Parents FY24	SC 736 2200001175	93.558	406,104	-
University Training Consortium FY 23	PON2 736 2200002854	93.558	8	-
University Training Consortium FY24	PON2 736 2200002932	93.558	399,450	-
			806,015	-
University Training Consortium FY 24	PON2 736 2200002932	93.575	287,102	-
University Training Consortium FY23	PON2 736 2200002854	93.590	707	-
University Training Consortium FY24	PON2 736 2200002932	93.590	93,278	-
			93,985	-
University Training Consortium FY24	PON2 736 2200002932	93.603	12,702	-
Foster Care Title IV-E:				
PCWCP Site Coord FY24	3200005689-24-083	93.658	5,985	-
University Training Consortium FY23	PON2 736 2200002854	93.658	11,811	11,247
University Training Consortium FY24	PON2 736 2200002932	93.658	1,818,645	-
			1,836,441	11,247

(Continued)

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Pass-Through Programs –				
Kentucky Cabinet for Health & Family Services (continued)				
University Training Consortium FY24	PON2 736 2200002932	93.667	$ 28,309	$ -
University Training Consortium FY24	PON2 736 2200002932	93.669	149,946	-
Medicaid Waiver Mgmt Application FY24	SC 746 2200001711	93.778	14,006	-
University Training Consortium FY23	PON2 736 2200002854	93.778	25	-
University Training Consortium FY24	PON2 736 2200002932	93.778	1,133,020	-
			1,147,051	-
			4,830,465	11,247
University of Kentucky Research Foundation				
Kentucky Leadership Education In Neurodevelopmental and other Related disabilities FY24	3200004864-23-041	93.877	27,844	-
Central Appalachian Regional Educational Research Center: MPH – Industrial Hygiene Core	3200003624-20-060	93.262	9,083	-
Central Appalachian Regional Educational Research Center: MPH – Industrial Hygiene Core FY24	3200003624-20-060	93.262	87,119	-
Central Appalachian Regional Education Research Center: Occupational Safety Core	3200003624-20-059	93.262	2,417	-
Central Appalachian Regional Education Research Center: Occupational Safety Core FY24	3200003624-20-059	93.262	101,398	-
Public Health Scholarship Program	3200005145-23-086	93.516	77,075	-
Public Health Scholarship Prog FY24	3200005145-23-086	93.516	81,230	-
Southeast Center for Agricultural Health and Injury Prevention FY24	3210002823-25-015	93.262	18,029	-
` Southeast Center for Agricultural Health and Injury Prevention – Ag Comm Mental Health	3210002538-23-251	93.262	7,983	-
			412,178	-
University of Louisville Research Foundation				
IDEA: KYINBRE Lead Faculty Award FY23	ULRF 18-0975D-02	93.859	17,447	-
Geriatric Workforce Enhancement Grant	ULRF 19-0740A4-07	93.969	3,966	-
			21,413	-
Total Department of Health and Human Services			5,272,038	11,247

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Federal Agency/Program Title	Pass-Through Number	Assistance Listing Number	Federal Expenditures	Provided to Subrecipients
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs –				
Kentucky Commission of Community Volunteerism & Service				
Kentucky READY Corps FY 23	PON2 730 2200000025	94.006	$ 25,118	$ -
Kentucky Cabinet for Health & Family Services				
Serve Kentucky Training Services FY 24	PON2 730 2000003811	94.088	80,248	-
Total Corporation for National Community Service			105,366	-
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs –				
Kentucky Department of Transportation				
Summit Street Sidewalks & Lighting	07-3039	20.205	7,123	-
Total Department of Transportation			7,123	-
NATIONAL SCIENCE FOUNDATION				
Pass-Through Programs -				
Fairmont State University				
Joining the First2 Network	E0037849	47.076	8,962	-
Total National Science Foundation			8,962	-
DEPARTMENT OF THE INTERIOR				
Direct Programs -				
US Fish and Wildlife				
Macroinvertebrates Jennings' Branch: A Restoration Assessment		17.xxx	1,581	-
Total Department of the Interior			1,581	-
DEPARTMENT OF LABOR				
Pass-Through Programs –				
Save the Children				
Workforce Opportunity for Rural Communities - Early Childhood Education Career Pathways	999003663	17.280	9,753	-
Total Department of Labor			9,753	-
DEPARTMENT OF TREASURY				
Pass-Through Programs -				
Kentucky Council on Postsecondary Education				
EKU Clinical Skills Laboratory & Simulation Center Project Funding Request	SC 415 2300000383	21.027	27,667	-
Total Department of Treasury			27,667	-
Total Federal Expenditures			$ 107,761,922	$ 11,247

(Continued)

Grant/Program Title	Assistance Listing Number	Federal Expenditures
Subtotals of Multiple Awards/ALNs		
Education Stabilization Fund	84.425	$ 187,205
Collaborative Research	47.074	59,272
Mathematical and Physical Sciences	47.049	148,705
Integrative Activities	47.083	553,207
Central Appalachian Regional Education Research Center	93.262	226,029
Public Health Training Centers Program	93.516	158,305

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eastern Kentucky University (the "University") under programs of the federal government for the year ended June 30, 2024 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 – INDIRECT COST

Predetermined indirect cost rates have been approved through June 30, 2024. The rate for on-campus activities ranges from 42.0% to 53.0% and the rate for off-campus activities is 26.0% for the approved period. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – FEDERAL LOAN PROGRAMS

The University disbursed funds under the Federal Direct Student Loans Program (including Direct Loans, Direct Unsubsidized Loans, Direct Plus Loans and Direct Consolidation Loans) during the current year.

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at July 1, 2023 for which the government imposes continuing compliance requirements. As of June 30, 2024, the University's outstanding Perkins loan balance is $883,130.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	None Reported

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.379	TEACH Grant
84.268	Federal Direct Student Loans
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.