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# **Western Kentucky University WKYU-FM Radio**

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

June 30, 2023 and 2022



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# Western Kentucky University WKYU-FM Radio

## June 30, 2023 and 2022

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## Independent Auditor's Report

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

### ***Opinion***

We have audited the financial statements of WKYU-FM Radio (the Station), a public broadcasting entity operated by Western Kentucky University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

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

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the Station are intended to present the financial position, changes in financial position, and cash flows of only that portion of the business-type activities that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

**FORVIS, LLP**

Louisville, Kentucky  
January 10, 2024

# **Western Kentucky University WKYU-FM Radio**

## **Management's Discussion and Analysis (Unaudited)**

### **Years Ended June 30, 2023 and 2022**

#### **Introduction**

The following Management's Discussion and Analysis (MD&A) (Unaudited) provides an overview of the financial position and activities of WKYU-FM Radio (the Station) for the year ended June 30, 2023, with selected comparative information for the years ended June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

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

#### **Fiscal Year 2023 Highlights**

- The Station's net position decreased by \$196,389; (20.3)%
- Operating revenues increased by \$51,104; 56.5% to \$141,533
- Operating expenses increased by \$16,484; 0.8%
- Nonoperating revenues decreased by \$665,454; (27.4)%

The Station adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. The adoption of this statement resulted in recording lease assets of \$34,785 and lease liabilities of \$34,785 as of July 1, 2021. The impact of this statement is not reflected in the fiscal year June 30, 2021, amounts included in this MD&A.

#### **Governmental Accounting Standards**

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

#### **Statements of Net Position**

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

#### **Assets**

Total assets of the Station at the end of fiscal years 2023, 2022 and 2021 were \$2,959,243, \$3,094,057 and \$3,038,155, respectively, of which cash and assets held by Western Kentucky University Foundation (WKU Foundation) represented the largest portion. Cash and assets held by WKU Foundation totaled \$2,844,138, \$2,970,525 and \$2,946,411, or 96.1%, 95.9% and 97.0%, of total assets for fiscal years 2023, 2022 and 2021, respectively.

# **Western Kentucky University WKYU-FM Radio**

## **Management's Discussion and Analysis (Unaudited)**

### **Years Ended June 30, 2023 and 2022**

#### **Liabilities**

Liabilities of the Station consisted of \$61,712, \$70,028 and \$173,122, of accrued employee costs at June 30, 2023, 2022 and 2021, respectively. Additionally, unearned revenue from the Corporation for Public Broadcasting (CPB) grants as of June 30, 2023, 2022 and 2021, was \$415,780, \$389,066 and \$545,528, respectively. Net pension and net other postemployment benefit (OPEB) liabilities were \$1,719,338, \$1,264,168 and \$1,257,035 at June 30, 2023, 2022 and 2021, respectively, and represented 77.1%, 71.8% and 58.9% of total liabilities, respectively.

#### **Net Position**

Net position of the Station was \$771,595, \$967,984 and \$533,539 at June 30, 2023, 2022 and 2021, respectively, and was divided into three major categories, defined as follows:

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

**Western Kentucky University WKYU-FM Radio**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended June 30, 2023 and 2022**

**Condensed Statements of Net Position**  
**June 30, 2023, 2022 and 2021**

	2023	2022	2021
<b>Assets</b>			
Current assets	\$ 1,206,729	\$ 1,096,190	\$ 1,336,845
Assets held by WKU Foundation	1,687,517	1,928,365	1,668,084
Capital and leased assets, net	<u>64,997</u>	<u>69,502</u>	<u>33,226</u>
Total assets	2,959,243	3,094,057	3,038,155
<b>Deferred Outflows of Resources</b>			
Total deferred outflows of resources	<u>306,420</u>	<u>231,713</u>	<u>172,401</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,265,663</u></u>	<u><u>\$ 3,325,770</u></u>	<u><u>\$ 3,210,556</u></u>
<b>Liabilities</b>			
Current liabilities	\$ 509,827	\$ 487,303	\$ 876,086
Noncurrent liabilities	<u>1,719,338</u>	<u>1,274,523</u>	<u>1,257,035</u>
Total liabilities	<u>2,229,165</u>	<u>1,761,826</u>	<u>2,133,121</u>
<b>Deferred Inflows of Resources</b>			
Total deferred inflows of resources	<u>264,903</u>	<u>595,960</u>	<u>543,896</u>
<b>Net Position</b>			
Net investment in capital assets	54,124	46,371	33,226
Restricted			
Non-expendable	1,367,628	1,562,745	1,350,593
Expendable	319,889	365,620	317,491
Unrestricted	<u>(970,046)</u>	<u>(1,006,752)</u>	<u>(1,167,771)</u>
Total net position	<u>771,595</u>	<u>967,984</u>	<u>533,539</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 3,265,663</u></u>	<u><u>\$ 3,325,770</u></u>	<u><u>\$ 3,210,556</u></u>

**Statements of Revenues, Expenses and Change in Net Position**

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



**Western Kentucky University WKYU-FM Radio**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended June 30, 2023 and 2022**

**Revenues**

Total operating revenues, which exclude University appropriations, of the Station for the fiscal years 2023, 2022 and 2021 were \$141,533, \$90,429 and \$146,984, respectively. The primary sources of operating revenues were from underwriting of \$141,533, \$90,429 and \$146,984 for 2023, 2022 and 2021, respectively.

Nonoperating revenues included nonoperating grants and contracts of \$190,572, \$399,217 and \$340,824 from the CPB and other agencies for fiscal years ended June 30, 2023, 2022 and 2021, respectively. Grant revenues related to nonexchange type agreements are classified as nonoperating revenues. In a nonexchange agreement, the Station receives dollars from another party without directly giving a service or product of equal value in exchange.

The Station received \$863,444, \$709,447 and \$711,841 of University appropriations and \$496,309, \$518,193 and \$603,463 of administrative support from the University for fiscal years ended June 30, 2023, 2022 and 2021, respectively, which are classified as nonoperating revenues. These funds were used to support Station operating activities.

**Expenses**

Total operating expenses of the Station for 2023, 2022 and 2021 were \$2,102,992, \$2,086,508 and \$2,281,701, respectively. Total program services expenses were \$946,107, \$977,659 and \$1,062,214 and total supporting services expenses were \$1,137,585, \$1,090,599 and \$1,213,916 for 2023, 2022 and 2021, respectively. Depreciation and amortization expense was not allocated to each program group but is presented as a single expense item representing depreciation and amortization for all areas of the Station. Depreciation expense totaled \$8,266, \$7,216 and \$5,571 for 2023, 2022 and 2021, respectively, and amortization expense totaled \$11,034 for 2023 and 2022.

**Western Kentucky University WKYU-FM Radio**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended June 30, 2023 and 2022**

**Condensed Statements of Revenues, Expenses and Change in Net Position**  
**Years Ended June 30, 2023, 2022 and 2021**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>			
Operating revenues			
Underwriting	\$ 141,533	\$ 90,429	\$ 146,984
Total operating revenues	<u>141,533</u>	<u>90,429</u>	<u>146,984</u>
<b>Expenses</b>			
Operating expenses			
Program services	946,107	977,659	1,062,214
Supporting services	1,137,585	1,090,599	1,213,916
Depreciation	<u>19,300</u>	<u>18,250</u>	<u>5,571</u>
Total operating expenses	<u>2,102,992</u>	<u>2,086,508</u>	<u>2,281,701</u>
<b>Operating Loss</b>	<u>(1,961,459)</u>	<u>(1,996,079)</u>	<u>(2,134,717)</u>
<b>Nonoperating Revenues (Expense)</b>			
General appropriations from Western Kentucky University	863,444	709,447	711,841
Indirect administrative support	496,309	518,193	603,463
Grants and contracts	190,572	399,217	340,824
Subscriptions and memberships	204,743	162,763	171,347
Investment income	(216,175)	278,093	225,612
Miscellaneous income	<u>226,177</u>	<u>362,811</u>	<u>100,596</u>
Net nonoperating revenues	<u>1,765,070</u>	<u>2,430,524</u>	<u>2,153,683</u>
<b>Change in Net Position</b>	(196,389)	434,445	18,966
<b>Net Position, Beginning of Year</b>	<u>967,984</u>	<u>533,539</u>	<u>514,573</u>
<b>Net Position, End of Year</b>	<u><u>\$ 771,595</u></u>	<u><u>\$ 967,984</u></u>	<u><u>\$ 533,539</u></u>

**Statements of Cash Flows**

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

# Western Kentucky University WKYU-FM Radio

## Management's Discussion and Analysis (Unaudited)

### Years Ended June 30, 2023 and 2022

The major source of cash from operating activities was business and industry underwriting of \$128,003, \$101,821 and \$146,984 for 2023, 2022 and 2021, respectively. The most significant uses of cash for operating activities were payments to (and on behalf of) employees of \$665,299, \$917,859 and \$763,589 and to suppliers of \$1,371,805, \$1,275,856 and \$1,470,329 for 2023, 2022 and 2021, respectively.

The cash flows from noncapital financing activities included \$1,359,753, \$1,227,640 and \$1,315,304 for 2023, 2022 and 2021, respectively, received as general appropriations and indirect administrative support from the University, which is the largest source of cash for the fiscal years.

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

### Condensed Statements of Cash Flows

#### Years Ended June 30, 2023, 2022 and 2021

	2023	2022	2021
Net cash used in operating activities	\$ (1,909,101)	\$ (2,091,894)	\$ (2,051,199)
Net cash provided by noncapital financing activities	2,008,305	1,851,817	2,212,869
Net cash used in capital and related financing activities	(9,416)	(14,472)	-
Net cash provided by investing activities	24,673	18,382	92,161
<b>(Decrease) Increase in Cash</b>	114,461	(236,167)	253,831
<b>Cash, Beginning of Year</b>	1,042,160	1,278,327	1,024,496
<b>Cash, End of Year</b>	\$ 1,156,621	\$ 1,042,160	\$ 1,278,327

### Capital and Lease Assets

As of June 30, 2023, 2022 and 2021, respectively, the Station had \$52,280, \$45,751 and \$33,226 net investment in capital assets consisting of equipment. As of June 30, 2023, 2022 and 2021, respectively, the Station had \$12,717, \$23,751 and \$0 in lease assets. Capital and lease assets at June 30, 2023, 2022 and 2021, are summarized below:

	2023	2022	2021
Capital assets	\$ 1,216,303	\$ 1,201,508	\$ 1,181,767
Less accumulated depreciation	(1,164,023)	(1,155,757)	(1,148,541)
<b>Capital Assets, Net</b>	\$ 52,280	\$ 45,751	\$ 33,226
Lease assets	\$ 34,785	\$ 34,785	\$ -
Accumulated amortization	(22,068)	(11,034)	-
<b>Lease Assets, Net</b>	\$ 12,717	\$ 23,751	\$ -

**Western Kentucky University WKYU-FM Radio**  
**Management's Discussion and Analysis (Unaudited)**  
**Years Ended June 30, 2023 and 2022**

**Lease Liability**

As of June 30, 2023, 2022 and 2021, the Station had \$10,853, \$23,131 and \$0, respectively, in lease liability.

**Economic Factors Impacting Future Periods**

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

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

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 has impacted economic activity and financial markets globally and locally. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future.

The extent to which COVID-19 impacts the Station will depend on future developments, which are still highly uncertain and cannot be predicted. As a result, the Station has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2024.

**Requests for Information**

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

# Western Kentucky University WKYU-FM Radio

## Statements of Net Position

June 30, 2023 and 2022

### Assets

	2023	2022
<b>Current Assets</b>		
Cash on deposit with University and WKU Foundation	\$ 1,156,621	\$ 1,042,160
Accounts receivable	22,812	3,233
Lease receivable	7,600	25,603
Prepaid expenses	19,696	25,194
Total current assets	1,206,729	1,096,190
<b>Noncurrent assets</b>		
Assets held by WKU Foundation	1,687,517	1,928,365
Capital assets	1,216,303	1,201,508
Accumulated depreciation	(1,164,023)	(1,155,757)
Lease assets	34,785	34,785
Accumulated amortization	(22,068)	(11,034)
Total noncurrent assets	1,752,514	1,997,867
Total assets	2,959,243	3,094,057
<b>Deferred Outflows of Resources</b>		
Deferred outflows – KTRS Pension	122,231	139,989
Deferred outflows – KERS Pension	50,936	30,930
Deferred outflows – KTRS OPEB	99,859	37,568
Deferred outflows – KERS OPEB	33,394	23,226
Total deferred outflows of resources	306,420	231,713
Total assets and deferred outflows of resources	\$ 3,265,663	\$ 3,325,770

**Western Kentucky University WKYU-FM Radio**  
**Statements of Net Position (Continued)**  
**June 30, 2023 and 2022**

**Liabilities**

	<b>2023</b>	<b>2022</b>
<b>Current Liabilities</b>		
Unearned underwriting revenue	\$ 21,482	\$ 15,433
Accrued payroll	35,813	39,305
Accrued vacation	25,899	30,723
Unearned grant revenue	415,780	389,066
Lease liability	10,853	12,776
	<hr/>	<hr/>
Total current liabilities	509,827	487,303
	<hr/>	<hr/>
<b>Noncurrent liabilities</b>		
Net pension liability – KTRS	626,792	577,365
Net pension liability – KERS	783,827	490,269
Net OPEB liability – KTRS	171,038	111,699
Net OPEB liability – KERS	137,681	84,835
Noncurrent lease liability	-	10,355
	<hr/>	<hr/>
Total noncurrent liabilities	1,719,338	1,274,523
	<hr/>	<hr/>
Total liabilities	2,229,165	1,761,826
	<hr/>	<hr/>
<b>Deferred Inflows of Resources</b>		
Deferred inflows – KTRS Pension	119,444	364,543
Deferred inflows – KERS Pension	9,156	60,481
Deferred inflows – KTRS OPEB	95,649	112,209
Deferred inflows – KERS OPEB	33,995	33,858
Leases	6,659	24,869
	<hr/>	<hr/>
Total deferred inflows of resources	264,903	595,960
	<hr/>	<hr/>
<b>Net Position</b>		
Net investment in capital assets	54,124	46,371
Restricted		
Non-expendable	1,367,628	1,562,745
Expendable	319,889	365,620
Unrestricted	(970,046)	(1,006,752)
	<hr/>	<hr/>
Total net position	771,595	967,984
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 3,265,663</u></u>	<u><u>\$ 3,325,770</u></u>

**Western Kentucky University WKYU-FM Radio**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Operating revenues		
Business and industry underwriting	\$ 141,533	\$ 90,429
Total operating revenues	<u>141,533</u>	<u>90,429</u>
<b>Expenses</b>		
Operating expenses		
Program services		
Programming and production	806,876	797,149
Broadcasting	99,925	149,356
Program information and promotion	39,306	31,154
Total program services	<u>946,107</u>	<u>977,659</u>
Supporting services		
Management and general	1,005,499	940,868
Fundraising	125,119	132,878
Underwriting	6,967	16,853
Total supporting services	<u>1,137,585</u>	<u>1,090,599</u>
Depreciation and amortization	<u>19,300</u>	<u>18,250</u>
Total operating expenses	<u>2,102,992</u>	<u>2,086,508</u>
<b>Operating Loss</b>	<u>(1,961,459)</u>	<u>(1,996,079)</u>
<b>Nonoperating Revenues (Expense)</b>		
General appropriations from Western Kentucky University	863,444	709,447
Indirect administrative support	496,309	518,193
Grants from Corporation for Public Broadcasting	190,572	399,217
Subscriptions and memberships	204,743	162,763
Interest expense	(608)	(1,122)
Investment income	(216,175)	278,093
Miscellaneous income	226,785	363,933
Net nonoperating revenues	<u>1,765,070</u>	<u>2,430,524</u>
<b>Change in Net Position</b>	(196,389)	434,445
<b>Net Position, Beginning of Year</b>	<u>967,984</u>	<u>533,539</u>
<b>Net Position, End of Year</b>	<u><u>\$ 771,595</u></u>	<u><u>\$ 967,984</u></u>

# Western Kentucky University WKYU-FM Radio

## Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Business and industry underwriting received	\$ 128,003	\$ 101,821
Payments to employees	(665,299)	(917,859)
Payments to suppliers	(1,371,805)	(1,275,856)
Net cash used in operating activities	(1,909,101)	(2,091,894)
<b>Cash Flows from Noncapital Financing Activities</b>		
General appropriations and indirect support from Western Kentucky University	1,359,753	1,227,640
Grants from Corporation for Public Broadcasting	217,286	242,755
Proceeds from PPP loan	-	-
Subscriptions and memberships	204,743	162,763
Other noncapital financing activities	226,523	218,659
Net cash provided by noncapital financing operating activities	2,008,305	1,851,817
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(14,795)	(19,741)
Principal payments on lease liability	(12,278)	(11,654)
Interest paid on lease liability	(608)	(1,122)
Principal payments received on lease receivable	18,003	17,476
Interest payments received on lease receivable	262	569
Net cash used in capital and related financing activities	(9,416)	(14,472)
<b>Cash Flows from Investing Activities</b>		
Net purchases and sales on investments	(10,772)	(9,358)
Interest and dividends	35,445	27,740
Net cash provided by investing activities	24,673	18,382
<b>Increase (Decrease) in Cash</b>	114,461	(236,167)
<b>Cash, Beginning of Year</b>	1,042,160	1,278,327
<b>Cash, End of Year</b>	\$ 1,156,621	\$ 1,042,160
<b>Reconciliation of Net Operating Loss to Net Cash Flows Used in Operating Activities</b>		
Operating loss	\$ (1,961,459)	\$ (1,996,079)
Depreciation and amortization expense	19,300	18,250
Changes in operating assets and liabilities		
Prepaid expenses	5,498	20,832
Accounts receivable	(19,579)	9,259
Deferred outflows of resources	(74,707)	(59,312)
Deferred inflows of resources	(331,057)	8,985
Net pension liability	342,985	16,822
Net OPEB liability	112,185	(9,689)
Unearned underwriting revenue	6,049	2,132
Accrued expenses	(8,316)	(103,094)
Net cash flows used in operating activities	\$ (1,909,101)	\$ (2,091,894)
<b>Noncash Investing, Capital and Financing Activities</b>		
PPP loan forgiveness	\$ -	\$ 144,135
Unrealized gain (loss) on investments	\$ (265,743)	\$ 202,430



# **Western Kentucky University WKYU-FM Radio**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **Note 1: Nature of Operations**

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

### **Note 2: Summary of Significant Accounting Policies**

#### ***Basis of Accounting and Presentation***

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

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

#### ***Revenue Recognition***

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

The portion of the University's indirect costs attributable to the Station's operations and the value of space provided for broadcast facilities are included as revenues and expenses and are computed in accordance with guidelines established by the CPB. Total indirect support from the University for the years ended June 30, 2023 and 2022, was \$496,309 and \$518,193, respectively.

# **Western Kentucky University WKYU-FM Radio**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### ***Expenses***

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

### ***Classification of Revenues***

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

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

### ***Cash on Deposit with the University and Western Kentucky University Foundation***

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

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

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

### ***Accounts Receivable***

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

### ***Assets Held by WKU Foundation and Investment Income***

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

# **Western Kentucky University WKYU-FM Radio**

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### ***Capital Assets***

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

Furniture, fixtures and equipment	3–15 years
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### ***Lease Assets***

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

### ***Capital and Lease Asset Impairment***

The Station evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or lease asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended June 30, 2023 and 2022.

### ***Lease Receivable***

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Revenue recognized under lease contracts during the years ended June 30, 2023 and 2022, was \$18,470 and \$18,045, respectively, which includes both lease revenue and interest.

### ***Deferred Outflows of Resources***

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

### ***Unearned Revenue***

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

### ***Deferred Inflows of Resources***

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

### ***Net Position***

The Station's net position is classified as follows:

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

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

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Note 3: Assets Held by WKU Foundation**

Assets held by WKU Foundation as of June 30, 2023 and 2022, consisted of cash equivalents, common equity, common fixed income and mutual funds. The fair value of the assets held by WKU Foundation were \$1,687,517 and \$1,928,365 at June 30, 2023 and 2022, respectively.

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

The Station has the following recurring fair value measurements as of June 30, 2023 and 2022:

- Assets held by WKU Foundation of \$1,687,517 and \$1,928,365, which are valued at net asset value (NAV). There are no unfunded commitments and funds can be redeemed on a daily basis. The investment strategy is a long-term growth strategy and the underlying funds in the trust include cash, common stock, mutual funds, and fixed income securities.

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

*Credit Risk:* The Station's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Station's investment policy allows investments in U.S. Agency securities if such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services. The Station did not have any investment in debt securities as of June 30, 2023 and 2022. Therefore, the Station is not considered to have credit risk.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Station will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Station's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Station investment. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization. The Station is fully collateralized as of June 30, 2023 and 2022.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

Investment income for the years ended June 30, 2023 and 2022, consisted of:

	2023	2022
Interest income, including interest earned on cash equivalents	\$ 35,445	\$ 27,740
Net change in fair value of investments and assets held by WKU Foundation	(251,620)	250,353
	<u>\$ (216,175)</u>	<u>\$ 278,093</u>

### Note 4: Capital Assets and Lease Assets

Capital assets consist of equipment. Capital assets activity for the years ended June 30, 2023 and 2022, was:

	2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Furniture, fixtures and equipment	\$ 1,201,508	\$ 14,795	\$ -	\$ 1,216,303
Less accumulated depreciation	(1,155,757)	(8,266)	-	(1,164,023)
Capital assets, net	<u>\$ 45,751</u>	<u>\$ 6,529</u>	<u>\$ -</u>	<u>\$ 52,280</u>
	2022			
	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	\$ 1,181,767	\$ 19,741	\$ -	\$ 1,201,508
Less accumulated depreciation	(1,148,541)	(7,216)	-	(1,155,757)
Capital assets, net	<u>\$ 33,226</u>	<u>\$ 12,525</u>	<u>\$ -</u>	<u>\$ 45,751</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Changes in lease assets for the years ended June 30, 2023 and 2022, are summarized as follows:

	2023			
	Beginning Balance	Additions	Disposals	Ending Balance
Lease assets	\$ 34,785	\$ -	\$ -	\$ 34,785
Less accumulated amortization	(11,034)	(11,034)	-	(22,068)
Lease assets, net	<u>\$ 23,751</u>	<u>\$ (11,034)</u>	<u>\$ -</u>	<u>\$ 12,717</u>
	2022			
	Beginning Balance	Additions	Disposals	Ending Balance
Lease assets	\$ 34,785	\$ -	\$ -	\$ 34,785
Less accumulated amortization	-	(11,034)	-	(11,034)
Lease assets, net	<u>\$ 34,785</u>	<u>\$ (11,034)</u>	<u>\$ -</u>	<u>\$ 23,751</u>

### Note 5: Lease Liability

The following is a summary of long-term lease obligation transactions for the Station for the years ended June 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	<u>\$ 23,131</u>	<u>\$ -</u>	<u>\$ (12,278)</u>	<u>\$ 10,853</u>	<u>\$ 10,853</u>
	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liability	<u>\$ 34,785</u>	<u>\$ -</u>	<u>\$ (11,654)</u>	<u>\$ 23,131</u>	<u>\$ 12,776</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

The Station leases certain real estate and equipment, the terms of which expire in various years through 2024. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of future minimum payments under the leases as of June 30, 2023:

	<b>Principal</b>	<b>Interest</b>
Year Ending		
2024	<u>\$ 10,853</u>	<u>\$ 128</u>

### Note 6: Natural and Functional Classifications of Operating Expenses

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

	<b>2023</b>			
	<b>Compensation and Benefits</b>	<b>Other</b>	<b>Depreciation</b>	<b>Total</b>
Program and supporting services	\$ 706,390	\$ 1,377,302	\$ -	\$ 2,083,692
Depreciation and amortization	-	-	19,300	19,300
Total operating expenses	<u>\$ 706,390</u>	<u>\$ 1,377,302</u>	<u>\$ 19,300</u>	<u>\$ 2,102,992</u>
	<b>2022</b>			
	<b>Compensation and Benefits</b>	<b>Other</b>	<b>Depreciation</b>	<b>Total</b>
Program and supporting services	\$ 771,571	\$ 1,296,687	\$ -	\$ 2,068,258
Depreciation	-	-	18,250	18,250
Total operating expenses	<u>\$ 771,571</u>	<u>\$ 1,296,687</u>	<u>\$ 18,250</u>	<u>\$ 2,086,508</u>

### Note 7: Risk Management

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



# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

### **Note 8: Defined Benefit Pension and Other Postemployment Benefit (OPEB) Plans**

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

#### ***Optional Retirement Plan***

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

For the years ended June 30, 2023 and 2022, contribution rates for plan members and the University expressed as a percentage of covered payrolls were 6.16% and 8.74%, respectively. Of the University's 8.74% contribution, 0.00% is paid to KTRS for unfunded liabilities.

The University's contributions to the Optional Retirement Program on behalf of the Station for the years ended June 30, 2023 and 2022, were \$11,130 and \$16,966, respectively. Station employees' contributions to the Optional Retirement Program for the years ended June 30, 2023 and 2022, were \$7,845 and \$11,958, respectively.

#### ***Kentucky Employees Retirement System***

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

	<b>Tier 1 Participation Prior to 9/1/2008</b>	<b>Tier 2 Participation 9/1/2008 through 12/31/13</b>	<b>Tier 3 Participation 1/1/2014</b>
<b>Benefit Formula</b>	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
<b>Final Compensation</b>	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	Five complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
<b>Benefit Factor</b>	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.
<b>Cost of Living Adjustment (COLA)</b>	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
<b>Unreduced Retirement Benefit</b>	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.	
<b>Reduced Retirement Benefit</b>	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Benefit Eligibility: Recipient of a retirement allowance

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

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

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

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

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

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

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

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

For the fiscal years ended June 30, 2023 and 2022, participating employers in the plan contributed 9.97% (7.82% allocated to pension and 2.15% allocated to OPEB) and 10.10% (7.90% allocated to pension and 2.20% allocated to OPEB), respectively, as set by KRS, of each employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2023 and 2022. Total contributions by the Plan were \$11,188,447 (\$9,029,608 related to pension and \$2,158,839 related to OPEB) and \$11,454,974 (\$9,224,126 related to pension and \$2,230,848 related to OPEB) for the years ended June 30, 2023 and 2022, respectively. The OPEB contribution amount does not include the implicit subsidy of \$470,563 and \$408,534 for the fiscal years ended June 30, 2023 and 2022, respectively. Contributions related to the Station were \$61,068 (\$47,898 related to pension and \$13,170 related to OPEB) for the year ended June 30, 2023, and \$40,410 (\$30,411 related to pension and \$9,969 related to OPEB) for the year ended June 30, 2022.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

*Members whose participation began before 9/1/2008:*

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

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

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

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

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

### **Pension Information**

**Total Pension Liability:** The total pension liability was measured as of June 30, 2022 and 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

#### **June 30, 2022**

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

#### **June 30, 2021**

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Price inflation	2.30%
Salary increases	3.30%–15.30%
Amortization period	30 years, closed
Investment rate of return	5.25%

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 5.25%.
- (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 29-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) **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.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

- (f) **Assumed Asset Allocation:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

2021		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
U.S. Equity	16.25%	5.70%
Non-U.S. Equity	16.25%	6.35%
Private Equity	7.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	20.50%	0.00%
Cash	5.00%	(0.60%)
Diversifying Strategies		
Real Estate	10.00%	5.40%
Opportunistic/Absolute Return	0.00%	N/A
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 at 5.25% based on a blending of the factors described above.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

	2021		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Proportionate share of collective net pension liability	\$ 564,768	\$ 490,269	\$ 429,104

**Employer's Portion of the Collective Net Pension Liability:** The Station's proportionate share of the net pension liability at June 30, 2023 and 2022, is \$783,827 and \$490,269, or approximately 0.0061% and 0.0038%, respectively. The net pension liabilities were distributed based on the employers' covered payroll provided for the measurement period ended June 30, 2022, and actual employer contributions to the plan for the measurement period ended June 30, 2021.

**Measurement Date:** June 30, 2021 and 2020, are the actuarial valuation dates and June 30, 2022 and 2021, are the measurement dates upon which the total pension liability is based.

**Changes in Assumptions and Benefit Terms:** There have been no assumption changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 2021.

House Bill 1 passed during the 2022 legislative session and included a provision that provided an approximate 8% across-the-board salary increase effective July 1, 2022, for eligible State employees. While this salary increase may produce an actuarial loss with respect to the liability attributable to Tier 1 and Tier 2 active members, *i.e.*, a higher total pension liability than expected based on current actuarial assumptions, there was not sufficient information available at the time the roll-forward total pension liability was calculated to make a reasonable adjustment to reflect these anticipated salary increases.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

**Pension Expense:** The Station was allocated pension expense of \$(27,614) and \$(40,316) related to the KERS plan for the years ended June 30, 2023 and 2022, respectively.

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

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 918	\$ 489	\$ 2,544
Change of assumptions	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	8,238	-	47,525
Net difference between projected and actual earnings on investments	3,038	-	-	10,412
	<u>3,038</u>	<u>9,156</u>	<u>489</u>	<u>60,481</u>
Contributions subsequent to the measurement date	47,898	-	30,441	-
	<u>47,898</u>	<u>-</u>	<u>30,441</u>	<u>-</u>
Total	<u>\$ 50,936</u>	<u>\$ 9,156</u>	<u>\$ 30,930</u>	<u>\$ 60,481</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$47,898 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

2024	\$ (9,185)
2025	(8)
2026	(766)
2027	3,841
	<u>3,841</u>
	<u>\$ (6,118)</u>



# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

### ***OPEB Information***

**Total OPEB Liability:** The total OPEB liability was measured as of June 30, 2022 and 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

#### **June 30, 2022**

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

#### **June 30, 2021**

Actuarial valuation date	June 30, 2020
Price inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30%–15.30%
Investment rate of return	6.25%
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.25% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.50% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.72%, which was an increase from the 5.26% discount rate used in the prior year. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 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) **Municipal Bond Rate:** The discount rate determination used a municipal bond rate of 3.69% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022, which was increased from the 1.92% municipal bond rate used in the prior year.
- (e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

- (f) **Assumed Asset Allocations:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

2021		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60%)
Diversifying Strategies		
Real Estate	10.00%	5.40%
Opportunistic/Absolute Return	0.00%	N/A
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 at 6.25% based on a blending of the factors described above.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

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

	<b>2021</b>		
	<b>1% Decrease (4.26%)</b>	<b>Current Discount Rate (5.26%)</b>	<b>1% Increase (6.72%)</b>
Station's net OPEB liability	\$ 103,601	\$ 84,835	\$ 69,448

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

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

	<b>2021</b>		
	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Station's net OPEB liability	\$ 70,082	\$ 84,835	\$ 102,602

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**Employer's Portion of the Collective OPEB Liability:** The Station's proportionate share of the net OPEB liability at June 30, 2022 and 2021, is \$137,681, or approximately 0.0061% and \$84,835 or approximately 0.0038%, respectively. The net OPEB liabilities were distributed based on the 2022 and 2021 actual employer contributions to the plan.

**Measurement Date:** June 30, 2021 and 2020, are the actuarial valuation dates and June 30, 2022 and 2021, are the measurement dates upon which the total OPEB liability is based.

**Changes in Assumptions and Benefit Terms:** Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. In fiscal year 2023, for KERS, the healthcare trend rate for under age 65 increased from 6.25% to 6.20% and for ages 65 and older the healthcare trend rate increased from 5.50% to 9.00%. The KERS Discount Rates used for Non-hazardous increased from 5.26% to 5.72%.

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

**OPEB Expense:** The Station was allocated OPEB expense of \$880 and \$(414) related to the KERS Non-hazardous Plan for the years ended June 30, 2023 and 2022, respectively.

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Deferred inflows and outflows as of the measurement date include:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,355	\$ 11,028	\$ 4,913	\$ 11,751
Change of assumptions	7,739	9,134	8,344	79
Changes in proportion and differences between employer contributions and proportionate shares of contributions	3,574	13,833	-	17,264
Net difference between projected and actual earnings on OPEB plan investments	2,809	-	-	4,764
	<u>17,477</u>	<u>33,995</u>	<u>13,257</u>	<u>33,858</u>
Contributions subsequent to the measurement date	15,917	-	9,969	-
	<u>15,917</u>	<u>-</u>	<u>9,969</u>	<u>-</u>
Total	<u>\$ 33,394</u>	<u>\$ 33,995</u>	<u>\$ 23,226</u>	<u>\$ 33,858</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$15,917 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

2024	\$ (11,567)
2025	(5,590)
2026	(1,585)
2027	2,224
	<u>2,224</u>
	<u>\$ (16,518)</u>

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

### ***Kentucky Teachers' Retirement System***

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

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

### Pension Plan Information

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

	<b>Tier 1 Participation Prior to July 1, 2008</b>	<b>Tier 2 Participation on or After July 1, 2008</b>
<b>Covered Employees</b>	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)
<b>Benefit Formula</b>	Final Compensation X Benefit Factor X Years of Service	
<b>Final Compensation</b>	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.
<b>Benefit Factor</b>	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.
<b>Cost of Living Adjustment (COLA)</b>	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
<b>Unreduced Retirement Benefit</b>	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.
<b>Reduced Retirement Benefit</b>	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees (KTRS Board). The retired member pays premiums in excess of the monthly supplement.	



# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**Contributions:** Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal years ended June 30, 2023 and 2022, University employees were required to contribute 8.185% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865% (13.010% and 14.020% allocated to pension, 2.775% and 1.775% allocated to medical insurance and 0.080% and 0.070% allocated to life insurance) of covered payroll for plan members hired on or after July 1, 2008, and 9.775% (7.695% and 7.705% allocated to pension, 2.000% and 2.000% allocated to medical insurance and 0.080% and 0.070% allocated to life insurance) of covered payroll for plan members hired on or after January 1, 2022, for the fiscal years ended June 30, 2023 and 2022, respectively. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2023 and 2022. Total contributions by the Plan were \$6,943,857 (\$5,686,652 related to pension and \$1,257,205 related to OPEB) and \$6,687,887 (\$5,668,084 related to pension and \$1,019,803 related to OPEB) for the years ended June 30, 2023 and 2022, respectively. In addition, the Commonwealth contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$7,242,560 and \$6,234,494 for the years ended June 30, 2023 and 2022, respectively. Contributions related to the Station were \$57,337 (\$47,199 related to pension and \$10,138 related to OPEB) and \$56,596 (\$48,179 related to pension and \$8,417 related to OPEB) for the years ended June 30, 2023 and 2022, respectively.

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:** At June 30, 2023 and 2022, the Station reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the Station by the Commonwealth. The amount recognized by the Station as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Station were as follows:

	2023	2022
Station's proportionate share of the net pension liability	\$ 626,792	\$ 577,365
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the Station	814,527	609,542
Total	<u>\$ 1,441,319</u>	<u>\$ 1,186,907</u>

The net pension liability was measured as of June 30, 2023 and 2022. The Station's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2023 and 2022, respectively, the Station's proportion was 0.0035% and 0.0042% and the Commonwealth's proportion associated with the Station was 0.0046% and 0.0045%.

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

For the years ended June 30, 2023, the Station recognized pension expense of \$(95,361) and \$(373,023) and revenue of \$17,271 and \$(104,666). At June 30, 2023 and 2022, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ (21,762)	\$ -	\$ (10,876)	\$ 5,230
Change of assumptions	56,851	-	98,751	50,978
Net difference between projected and actual earnings on OPEB plan investments	39,943	-	-	142,342
Changes in proportion and differences between Station contributions and proportionate share of contributions	-	119,444	3,935	165,993
	<u>75,032</u>	<u>119,444</u>	<u>91,810</u>	<u>364,543</u>
Contributions subsequent to the measurement date	<u>47,199</u>	<u>-</u>	<u>48,179</u>	<u>-</u>
Total	<u>\$ 122,231</u>	<u>\$ 119,444</u>	<u>\$ 139,989</u>	<u>\$ 364,543</u>

At June 30, 2023 and 2022, the Station reported \$47,199 and \$48,179, respectively, as deferred outflows of resources related to pensions resulting from Station contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2023, related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2024	\$ (41,363)
2025	(11,508)
2026	(26,464)
2027	<u>34,923</u>
	<u>\$ (44,412)</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**Actuarial assumptions:** The total pension liabilities were determined by actuarial valuations as of June 30, 2021 and 2020, using the following actuarial assumptions for both years, applied to all periods included in the measurement:

**June 30, 2021 and June 30, 2020:**

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

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

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

<b>2021 Asset Class</b>	<b>Target Allocation</b>	<b>Nominal Rate of Return</b>
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1%)
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3%)
Total	<u>100.0%</u>	

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**Discount Rate:** The discount rate used to measure the total pension liability at June 30, 2023 and 2022, was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Station's proportionate share of the net pension liability to changes in the discount rate:** The following table presents the net pension liability of the Station as of June 30, 2023 and 2022, calculated using the discount rate of 7.10% for both years, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.10%) or one-percentage-point higher (8.10%) than the current rate:

	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of collective net pension liability	\$ 800,910	\$ 626,792	\$ 483,071
	2022		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Proportionate share of collective net pension liability	\$ 781,632	\$ 577,365	\$ 409,380

### Medical Insurance Plan

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:** At June 30, 2023 and 2022, the Station reported a liability of \$167,826 and \$110,228, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 and 2021, the Station's proportion was 0.0068% and 0.0051%, respectively.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2023 and 2022, that was associated with the Station were as follows:

	2023	2022
Station's proportionate share of the net OPEB liability	\$ 167,826	\$ 110,228
State's proportionate share of net OPEB liability associated with the Station	10,541	49,572
Total	<u>\$ 178,367</u>	<u>\$ 159,800</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

For the years ended June 30, 2023 and 2022, respectively, the Station recognized OPEB expense of \$(4,507) and \$(5,024) and revenue of (\$448) and \$8,126 for support provided by the State. At June 30, 2023 and 2022, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 70,542	\$ -	\$ 65,552
Change of assumptions	34,080	-	28,832	-
Net difference between projected and actual earnings on OPEB plan investments	8,923	-	-	11,756
Changes in proportion and differences between Station contributions and proportionate share of contributions	45,492	23,804	-	32,504
	<u>88,495</u>	<u>94,346</u>	<u>28,832</u>	<u>109,812</u>
Contributions subsequent to the measurement date	10,138	-	8,417	-
	<u>10,138</u>	<u>-</u>	<u>8,417</u>	<u>-</u>
Total	<u>\$ 98,633</u>	<u>\$ 94,346</u>	<u>\$ 37,249</u>	<u>\$ 109,812</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$10,138 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year 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 Station's OPEB expense as follows:

Year Ending June 30

2024	\$ (10,118)
2025	(8,076)
2026	(5,594)
2027	7,204
2028	7,188
Thereafter	<u>3,545</u>
	<u>\$ (5,851)</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**Actuarial Assumptions:** The total OPEB liabilities measured at June 30, 2022 and 2021, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

### June 30, 2022

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

### June 30, 2021

Actuarial valuation date	June 30, 2020
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates:	
Under 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

\*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.

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



# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

The remaining actuarial assumptions, *e.g.*, initial per capita costs, healthcare cost trends, used in the June 30, 2021 and 2020, valuations were based on a review of recent plan experience done concurrently with the June 30, 2021 and 2020, valuation. The healthcare cost trend assumption was updated for the June 30, 2021, valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

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

<b>2021 Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Nominal Rate of Return</b>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	(0.1%)
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	<u>1.0%</u>	(0.3%)
Total	<u>100.0%</u>	

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

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

	2022		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 141,126	\$ 110,228	\$ 84,694

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

	2023		
	Current		
	1% Decrease	Trend Rate	1% Increase
Station's net OPEB liability	\$ 125,811	\$ 167,826	\$ 220,075
	2022		
	Current		
	1% Decrease	Trend Rate	1% Increase
Station's net OPEB liability	\$ 80,087	\$ 110,228	\$ 147,756

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

**Changes of benefit terms:** A new benefit tier was added for members joining the System on and after January 1, 2022. There were no other changes in benefit terms for the year ending June 30, 2023. In fiscal year 2023, for KTRS, the MIF Healthcare Cost Trend Rates for Ages 65 and older and Medicare Part B Premiums increased from 5.00% to 5.125% and from 4.40% to 6.97%, respectively. The Municipal Bond Index Rate for KTRS MIF and LIF increased from 2.13% to 3.37%.

### Life Insurance Plan

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

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:** At June 30, 2023 and 2022, the Station reported a liability of \$3,212 and \$1,471, respectively, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Station. The collective net OPEB liability was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Station's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 and 2021, the Station's proportion was 0.010% and 0.011%.

The amount recognized by the Station as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability at June 30, 2023 and 2022, that was associated with the Station were as follows:

	2023	2022
Station's proportionate share of the net OPEB liability	\$ 3,212	\$ 1,471
State's proportionate share of net OPEB liability associated with the Station	-	-
Total	<u>\$ 3,212</u>	<u>\$ 1,471</u>

For the years ended June 30, 2023 and 2022, respectively, the Station recognized OPEB expense of \$257 and \$213 and revenue of \$133 and \$102 for support provided by the Commonwealth. At June 30, 2023 and 2022, the Station reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 49	\$ 382	\$ 68	\$ 42
Change of assumptions	-	423	-	553
Net difference between projected and actual earnings on OPEB plan investments	880	-	-	1,343
Changes in proportion and differences between Station contributions and proportionate share of contributions	-	498	-	459
	<u>929</u>	<u>1,303</u>	<u>68</u>	<u>2,397</u>
Contributions subsequent to the measurement date	297	-	251	-
Total	<u>\$ 1,226</u>	<u>\$ 1,303</u>	<u>\$ 319</u>	<u>\$ 2,397</u>

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

Of the total amount reported as deferred outflows of resources related to OPEB, \$297 resulting from Station contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

Year Ending June 30	
2024	\$ (133)
2025	(133)
2026	(133)
2027	232
2028	(183)
Thereafter	(24)
	<hr/>
	\$ (374)
	<hr/>

**Actuarial Assumptions:** The total OPEB liabilities measured at June 30, 2022 and 2021, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

### June 30, 2022

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

### June 30, 2021

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	26 years
Asset valuation method	Five-year smoothed value
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%–7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

The remaining actuarial assumptions, *e.g.*, initial per capita costs, healthcare cost trends, used in the June 30, 2020, valuation were based on a review of recent plan experience done concurrently with the June 30, 2020, valuation. The healthcare cost trend assumption was updated for the June 30, 2020, valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

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

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

2021 Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	(0.1%)
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	(0.3%)
Total	<u>100.0%</u>	

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

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

	2023		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 4,963	\$ 3,212	\$ 1,793
	2022		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Station's net OPEB liability	\$ 3,392	\$ 1,471	\$ (94)

# Western Kentucky University WKYU-FM Radio

## Notes to Financial Statements

June 30, 2023 and 2022

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

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

As discussed above, the KTRS OPEB benefits include a medical and life insurance plan. See below for total OPEB liability recorded at June 30, 2023 and 2022.

	2023	2022
Medical insurance plan	\$ 167,826	\$ 110,228
Life insurance plan	3,212	1,471
KTRS OPEB liability	<u>\$ 171,038</u>	<u>\$ 111,699</u>



## **Required Supplementary Information**

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Schedules of the Station's Proportionate Share of the Net Pension Liability**  
**June 30, 2023 and 2022**

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

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Notes to Schedules of the Station's Proportionate Share of the Net Pension Liability**  
**June 30, 2023 and 2022**

**Notes to Schedules**

*Changes in assumptions* – In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

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

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

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

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

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

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

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

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

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

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Schedules of the Station's Pension Contributions**  
**June 30, 2023 and 2022**

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

# **Western Kentucky University WKYU-FM Radio**

## **Notes to Schedules of the Station's Pension Contributions**

### **June 30, 2023 and 2022**

#### **Notes to Schedules**

*Changes in assumptions* – In fiscal year 2023, there were no changes to the KERS plan or the KTRS plan.

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

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

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

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

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

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

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

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

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Schedules of the Station's Proportionate Share of the Net OPEB Liability**  
**June 30, 2023 and 2022**

	2023	2022	2021	2020	2019
<b>KERS</b>					
Station's proportion of the net OPEB liability	0.006%	0.004%	0.004%	0.004%	0.003%
Station's proportionate share of the net OPEB liability	\$ 137,681	\$ 84,835	\$ 90,938	\$ 74,646	\$ 71,014
Station's covered payroll	\$ 49,928	\$ 50,117	\$ 38,812	\$ 33,699	\$ 33,426
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	275.76%	169.27%	234.30%	221.51%	212.45%
Plan fiduciary net position as a percentage of the total OPEB liability	38.15%	38.38%	29.47%	30.92%	27.32%
<b>KTRS – Medical Insurance</b>					
Station's proportion of the net OPEB liability	0.007%	0.005%	0.004%	0.004%	0.004%
Station's proportionate share of the net OPEB liability	\$ 167,826	\$ 110,228	\$ 111,132	\$ 109,183	\$ 154,141
Station's covered payroll	\$ 364,013	\$ 306,112	\$ 211,299	\$ 252,426	\$ 260,620
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	46.10%	36.01%	52.59%	43.25%	59.14%
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.50%
<b>KTRS – Life Insurance</b>					
Station's proportion of the net OPEB liability	0.01%	0.01%	0.01%	0.008%	0.01%
Station's proportionate share of the net OPEB liability	\$ 3,212	\$ 1,471	\$ 3,298	\$ 2,500	\$ 2,769
Station's covered payroll	\$ 364,013	\$ 306,112	\$ 211,299	\$ 252,426	\$ 260,620
Station's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.88%	0.48%	1.56%	0.99%	1.06%
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	89.15%	71.57%	73.40%	75.00%

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Notes to Schedules of the Station's Proportionate Share of the Net OPEB Liability**  
**June 30, 2023 and 2022**

**Notes to Schedules**

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

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

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

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

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

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

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

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

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

**Western Kentucky University WKYU-FM Radio**  
**Required Supplementary Information**  
**Schedules of the Station's OPEB Contributions**  
**June 30, 2023 and 2022**

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



# Western Kentucky University WKYU-FM Radio

## Required Supplementary Information

### Notes to Schedules of the Station's OPEB Contributions

#### June 30, 2023 and 2022

#### Notes to Schedules

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

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

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

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

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

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

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

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

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