Financial Statements
and Supplementary Information

for

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

A Component Unit of the Commonwealth of Kentucky

Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

CONTENTS

WHERE LEARNING COMES TO LIFE

October 4, 2024

To the Board of Directors
Kentucky Authority for Educational Television

The Annual Financial Report of the Kentucky Authority for Educational Television (Authority or KET) for the fiscal year ended June 30, 2024 is hereby submitted to the Authority and all others interested in the financial position of KET.

The Authority is a public body corporate and politic of the Commonwealth of Kentucky established by Kentucky Revised Statute Chapter 168 that prescribes and enforces regulations governing the use of educational television; television facilities, and related functions; and, the production and transmission of educational television programs and related services. The Authority is a component unit of the Commonwealth of Kentucky and the basic financial statements of the Authority are included in the Commonwealth of Kentucky's basic financial statements as a discretely presented component unit.

Management has prepared the basic financial statements of KET and is responsible for the integrity and fairness of the information presented. Some amounts included in the basic financial statements may be based upon estimates and judgments. These estimates and judgments were made utilizing the best business practices available. The accounting policies followed in the preparation of these basic financial statements conform to US Generally Accepted Accounting Principles (GAAP). Financial information presented throughout the Annual Financial Report is consistent with the basic financial statements.

Ultimate responsibility for the basic financial statements and Annual Financial Report rests with the Board of Directors. The Executive Director and KET's staff assist the Board in its responsibilities. Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets safeguarded, and proper records maintained. These controls include standards in hiring and training employees, the establishment of an organizational structure, and the communications of policies and guidelines throughout the organization. The cost of a control should not exceed the benefits to be derived; the objective is to provide reasonable, rather than absolute assurance, that the basic financial statements are free of any material misstatements.

Kentucky Educational Television Foundation, Inc. (Foundation) and Commonwealth Fund for KET, Inc. (Fund) are separate tax-exempt Kentucky corporations, which receive, hold, and administer gifts and grants in the name of the Authority. The Foundation also assists the Authority in the development and production of educational programs and services for the benefit of the citizens of the Commonwealth of Kentucky. The Authority and the Foundation are administered by the same Executive Director and governed by the same Board of Directors, except for the Foundation whose Board also includes a member of the Board of Directors of Friends of KET.

WHERE LEARNING COMES TO LIFE

KET, an agency of state government since 1968, produces and provides innovative and relevant programs and services, giving all citizens in the Commonwealth access to in-depth information and to cultural and educational opportunities. KET's mission is "to make Kentucky a better place and strengthen its communities by educating, inspiring, informing and connecting its citizens through the power of public media."

It is important to note that KET is one of the few state agencies that operates 24/7/365, is federally licensed by the Federal Communications Commission (FCC), and maintains its own facilities, which include the Network Center (110,000 sq. ft. on 7 acres), and 16 transmitters and tower sites located across the Commonwealth.

KET's external auditors, Dean Dorton Allen Ford, PLLC, Certified Public Accountants, have conducted an independent audit of the basic financial statements in accordance with Generally Accepted Government Auditing Standards. This audit is described in their Independent Auditor's Report on page three. Management has provided the external auditors with full and unrestricted access to KET's staff to discuss their audit and related findings as to the integrity of the financial reporting and the adequacy of internal controls for the preparation of the basic financial statements.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This Letter of Transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor.

Respectfully,

Shae Hopkins

Shae Hopkins
Executive Director & Chief Executive Officer

Elaine Crawford

Elaine Crawford
Chief Administrative Officer

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Independent Auditor's Report

Board of Directors
Kentucky Authority for Educational Television
Lexington, Kentucky

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of Kentucky Authority for Educational Television (the Authority), a component unit of the Commonwealth of Kentucky, and its discretely presented component unit, the Commonwealth Fund for KET, Inc., (collectively, KET), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KET'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 Authority and its discretely presented component unit, as of June 30, 2024, and the respective changes in financial position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KET and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, components of the Fund's net position have been restated to correct the classification of the Board-designated endowment funds. The Board-designated endowment funds were reclassified from restricted - expendable net position to unrestricted net position.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

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

Board of Directors
Kentucky Authority for Educational Television
Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 - 12 and the Supplementary Pension and OPEB Information on pages 62 - 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Transmittal Letter but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited KET’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Kentucky Authority for Educational Television
Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024 on our consideration of KET's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KET's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KET's internal control over financial reporting and compliance.

Dean Dorton Allen Ford, PLLC

Lexington, Kentucky
October 1, 2024

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Management's Discussion and Analysis *(Unaudited)*

The Management's Discussion and Analysis of Kentucky Authority for Educational Television (the Authority), its blended component unit, Kentucky Educational Television Foundation, Inc. (the Foundation), and its discretely presented component unit, the Commonwealth Fund for KET, Inc. (the Fund), (collectively, KET) presents a discussion and analysis of KET's financial performance during the fiscal year ended June 30, 2024. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide an easily readable explanation of the information in the basic financial statements (hereafter, the financial statements). It should be read in conjunction with the financial statements, which begin on page 13.

<u>Financial Highlights - The Authority and Foundation</u>

- The assets and deferred outflows of resources of the Authority and Foundation are less than its liabilities and deferred inflows of resources by approximately $36.9 million and $53.4 million at June 30, 2024 and 2023, respectively.

- Fund appropriations from the Commonwealth of Kentucky decreased by approximately $1.1 million (or 13%) and increased by approximately $2.5 million (or 16%) for the fiscal years ended June 30, 2024 and 2023, respectively.

- Programming and production costs, including related depreciation expense, totaled approximately $16.9 million (or 62%) and $16.8 million (or 54%) of the total operating expenses for the fiscal years ended June 30, 2024 and 2023, respectively.

- The Corporation for Public Broadcasting (CPB) provided support of approximately $4.1 million (or 11%) and $3.9 million (or 12%) of the operating budgets for each of the fiscal years 2024 and 2023, respectively.

- Unrestricted support received from the Fund totaled approximately $10.2 million (or 23%) and $4.9 million (or 13%) of the total support for the fiscal years 2024 and 2023, respectively.

<u>Overview of the Financial Statements</u>

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. They include all revenues and expenses of the fiscal year even if no cash had been received or paid. KET's financial statements include:

Statements of Net Position:

The Statements of Net Position provide both short-term and long-term information about KET's financial position, which assists in assessing KET's economic condition at the end of the fiscal year.

Overview of the Financial Statements, continued

Statements of Revenues, Expenses, and Changes in Net Position:

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how KET's financial position has changed since the beginning of the fiscal year.

Statements of Cash Flows:

The Statements of Cash Flows provide relevant information about the cash receipts and cash payments of KET during the fiscal year. These statements assess KET's ability to generate net cash flows, meet obligations as they become due, KET's need for future external financing, the reasons for differences in operating and related cash receipts and payments, and the effects on KET's financial position of cash and non-cash investing, capital and financing activities.

Notes to the Financial Statements:

Notes to the financial statements provide necessary information to understand the data provided in the financial statements. They are an integral part of the financial statements and focus on KET and its activities.

Blended Component Unit:

The Foundation was formed in 1971 as a non-profit corporation operating in the Commonwealth of Kentucky (the Commonwealth) to support and further the educational, charitable and public purposes and activities of the Authority. The Foundation's primary purpose is to receive, hold and administer grants in the name of the Authority. The Foundation also assists in the development and production of educational television programs and materials for the benefit of the Commonwealth's citizens. The Foundation is presented as a blended component unit of the Authority with its financial information included with the Authority's because it is administered by the same Executive Director and governed by the same Board of Directors with the exception of the Board including a member of the Friends of KET and the Executive Director.

Discretely Presented Component Unit:

The Fund is a discretely presented component unit of the Authority. The Fund's operations are to support the Authority, which has financial accountability, but has certain independent qualities as well. More information on the discretely presented component unit can be found in the Description of the Organization in Note 1 of the financial statements.

Financial Analysis - the Authority and the Foundation

Net Position:

Net position serves as a useful indicator of a governmental entity's financial position. Net position is a negative balance and totaled $36.9 million at the end of fiscal 2024, as compared to a negative amount of $53.4 million at the end of fiscal 2023.

Financial Analysis - the Authority and the Foundation, continued

Net Position, continued:

The largest portion of net position is the negative balance for unrestricted net position of $- million and $76.1 million at June 30, 2024 and 2023, respectively. Long-term liabilities, such as the net pension liability and the net other post employment benefits (OPEB) liability are recognized on the Statements of Net Position. The net pension liability totaled $67.3 million, or 86.9% of total liabilities, at June 30, 2024 and $74.9 million, or 80.4% of total liabilities, at June 30, 2023. The net OPEB liability totaled $4.9 million, or 6.3% of total liabilities, at June 30, 2024 and $12.8 million, or 13.7% of total liabilities, at June 30, 2023.

Condensed Statements of Net Position as of June 30

	2024	% Increase (Decrease)	2023
Current assets, less investments	**$ 12,827,295**	**22.0%**	$ 10,515,780
Investments	**2,299,075**	**44.9%**	1,586,844
Non-current assets, less investments and capital assets	**9,936,579**	**(8.3)%**	10,841,736
Capital assets, net	**26,997,036**	**39.6%**	19,337,237
Total assets	**$ 52,059,985**	**23.1%**	$ 42,281,597
Deferred outflows of resources	**$ 10,345,609**	**(8.0)%**	$ 11,243,116
Current liabilities	**$ 4,445,432**	**(2.6)%**	$ 4,564,057
Non-current liabilities	**72,970,512**	**(17.6)%**	88,601,681
Total liabilities	**$ 77,415,944**	**(16.9)%**	$ 93,165,738
Deferred inflows of resources	**$ 21,911,590**	**59.3%**	$ 13,755,470
Net position:			
Invested in capital assets	**$ 26,608,788**	**41.8%**	$ 18,771,213
Non-expendable	**250,000**	**-%**	250,000
Expendable - restricted for capital projects	**2,984,334**	**13.1%**	2,639,659
Expendable - for specific operating activities	**-**	**(100.0)%**	1,002,545
Unrestricted	**(66,765,062)**	**12.2%**	(76,059,912)
Total net position	**$ (36,921,940)**	**30.9%**	$ (53,396,495)

Financial Analysis - the Authority and the Foundation, continued

Changes in Net Position:

Net position increased by approximately $16.5 million and $6.1 million during the fiscal years ended June 30, 2024 and 2023, respectively. The primary reason for the increase during fiscal years ended June 30, 2024 and 2023 was revenues for the Next Gen project.

Condensed Statements of Revenues, Expenses, and Changes in Net Position for Year Ended June 30

	2024	% Increase (Decrease)	2023
Operating revenues	**$ 9,125,114**	**8.6%**	$ 8,403,509
Operating expenses	**27,174,354**	**(12.9)%**	31,214,954
Net operating loss	**(18,049,240)**	**20.9%**	(22,811,445)
Non-operating income (expense):			
State appropriation	**17,472,232**	**(6.1)%**	18,599,325
Revenue from Next Gen Project	**6,588,670**	**24.0%**	5,313,243
Support received from the Fund	**10,191,000**	**106.8%**	4,927,000
Interest expense	**(17,582)**	**(24.1)%**	(23,175)
Interest and investment income	**289,475**	**342.4%**	65,433
Change in net position	**$ 16,474,555**		$ 6,070,381

Analysis of Capital Asset Activity for the Authority and the Foundation

The following table summarizes selected capital assets activity for the Authority and the Foundation as of June 30:

	2024	2023
Capital assets not being depreciated	**$ 3,608,660**	$ 3,529,429
Other capital assets being depreciated, at historical cost	**75,702,257**	66,340,336
Leased assets being amortized, at historical cost	**374,731**	476,102
Subscription-based IT assets being amortized, at historical cost	**72,961**	72,961
Total, at cost	**79,758,609**	70,418,828
Accumulated depreciation	**(52,509,633)**	(50,761,141)
Accumulated amortization	**(251,940)**	(320,450)
Related debt	**(388,248)**	(566,024)
Invested in capital assets, net of related debt	**$ 26,608,788**	$ 18,771,213

Net capital assets increased 41.8% and 25.4% for fiscal years 2024 and 2023, respectively. Depreciation and amortization totaled $2.4 million, or 8.8% of operating expenses, and $2.2 million, or 7.0% of operating expenses, for fiscal years 2024 and 2023, respectively.

Financial Highlights of Discretely Presented Component Unit

The Fund was formed in 1994 as a non-profit corporation operating in the Commonwealth to support and further the educational, charitable and public purposes and activities of the Authority and the related Foundation. The Fund's primary purpose is to receive, hold and administer funds provided by its fundraising activities for the benefit of KET.

Key financial highlights of the Fund include:

- The assets of the Fund exceeded its liabilities by approximately $44.4 million and $38.0 million at June 30, 2024 and 2023, respectively.

- Net position increased by approximately $6.4 million and $3.4 million for the fiscal years ended June 30, 2024 and 2023, respectively.

- The Fund raised approximately $12.6 million in total revenue for the fiscal year ended June 30, 2024, compared to approximately $7.0 million for the fiscal year ended June 30, 2023.

- Total support provided by the Fund to the Foundation was approximately $10.2 million and $4.9 million for the fiscal years ended June 30, 2024 and 2023, respectively.

The Fund currently maintains five endowments:

Donor-Restricted:

- The W. Paul and Lucille Caudill Little Arts Endowment was established in 1993, to support arts education. The endowment funds are used to educate through the support of quality productions and programs in the fine arts to develop creativity in children 12 years old and under. The account balance at June 30, 2024 and 2023 totaled approximately $3.3 million and $3.0 million, respectively.

Board-Designated:

- In 1999, the Fund established the O. Leonard Press 21st Century Endowment Fund. This endowment is used to support KET's public affairs programming and events. The account balance at June 30, 2024 and 2023 totaled approximately $1.2 million and $1.0 million, respectively.

- In October 2003, the Fund established the Endowment for Kentucky Productions. This endowment is used to support KET's production, acquisition, and broadcast of quality programs and events that document or celebrate the people, places, history and legends of Kentucky. The account balance at June 30, 2024 and 2023 totaled approximately $4.4 million and $3.9 million, respectively.

- In October 2014, the Fund established the John R. Hall Endowment for Education. This endowment is used to support KET's educational resources and services from cradle to career. The account balance at June 30, 2024 and 2023 totaled approximately $2.7 million and $2.4 million, respectively.

- In 2020, the Fund established the KET/PBS Program Endowment Fund. This endowment is used to support KET's purchase of quality programming for viewers. The account balance at June 30, 2024 and 2023 totaled approximately $69,000 and $65,000, respectively.

Contacting KET's Financial Management

This financial report is designed to provide a general overview of KET's financial position. If you have questions about this report or need additional information, contact the Business Office, Kentucky Educational Television, 600 Cooper Drive, Lexington, KY 40502-2296, or www.ket.org.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Statements of Net Position

June 30, 2024 and 2023

		Kentucky Authority for Educational Television		Commonwealth Fund for KET, Inc.		2024 Reporting Entity		2023 Reporting Entity
Assets								
Current assets:								
Cash and cash equivalents	$	10,276,558	$	1,836,585	$	12,113,143	$	11,175,893
Investments		-		29,593,161		29,593,161		24,168,537
Receivables:								
Grants receivable		191,534		58,000		249,534		425,260
Due from state for capital projects		382,595		-		382,595		816,005
Underwriting		-		501,277		501,277		266,810
Accrued interest		26,660		61,347		88,007		54,798
Accounts receivable		424,811		1,068		425,879		428,824
Current portion of lease receivable		804,994		-		804,994		562,565
Costs incurred for programs not yet broadcast		195,903		-		195,903		118,602
Public and instructional television program rights, current		130,629		-		130,629		139,210
Promises to give		-		1,050,000		1,050,000		-
Receivable from the Fund		99,468		-		99,468		88,160
Prepaid expenses		294,143		50,559		344,702		293,856
Total current assets		12,827,295		33,151,997		45,979,292		38,538,520
Non-current assets:								
Restricted cash and cash equivalents		552,664		-		552,664		1,286,270
Cash held for endowment purposes		-		438,846		438,846		554,262
Promises to give, net of current portion		-		200,000		200,000		-
Restricted investments		2,299,075		-		2,299,075		1,586,844
Investments held for endowment purposes		-		11,166,758		11,166,758		9,741,331
Lease receivable, net of current portion		9,316,277		-		9,316,277		9,501,083
Public and instructional television program rights, net of current portion		67,638		-		67,638		54,383
Capital assets, net		26,997,036		193,021		27,190,057		19,580,145
Total non-current assets		39,232,690		11,998,625		51,231,315		42,304,318
Total assets	$	52,059,985	$	45,150,622	$	97,210,607	$	80,842,838
Deferred Outflows of Resources								
Deferred amount related to pension plan	$	6,710,888	$	-	$	6,710,888	$	7,184,719
Deferred amount related to OPEB		3,634,721		-		3,634,721		4,058,397
Total deferred outflows of resources	$	10,345,609	$	-	$	10,345,609	$	11,243,116

	Kentucky Authority for Educational Television	Commonwealth Fund for KET, Inc.	2024 Reporting Entity	2023 Reporting Entity
Liabilities				
Current liabilities:				
Accounts payable	**$ 836,010**	**$ 24,731**	**$ 860,741**	$ 309,258
Due to the Authority	**-**	**99,468**	**99,468**	88,160
Accrued wages	**836,710**	**-**	**836,710**	761,410
Current portion of compensated leave	**1,228,133**	**-**	**1,228,133**	1,136,730
Current portion of note payable	**197,333**	**-**	**197,333**	152,218
Current portion of lease liabilities	**88,854**	**4,204**	**93,058**	90,371
Current portion of SBITA liabilities	**14,104**	**35,791**	**49,895**	65,461
Unearned revenue	**1,244,288**	**550,705**	**1,794,993**	2,490,917
Total current liabilities	**4,445,432**	**714,899**	**5,160,331**	5,094,525
Non-current liabilities:				
Compensated leave, net of current portion	**657,873**	**-**	**657,873**	538,469
Note payable, net of current portion	**-**	**-**	**-**	197,333
Lease liabilities, net of current portion	**87,957**	**9,175**	**97,132**	98,129
SBITA liabilities, net of current portion	**-**	**-**	**-**	49,896
Net pension liability	**67,340,444**	**-**	**67,340,444**	74,928,909
Net OPEB liability	**4,884,238**	**-**	**4,884,238**	12,838,115
Total non-current liabilities	**72,970,512**	**9,175**	**72,979,687**	88,650,851
Total liabilities	**$ 77,415,944**	**$ 724,074**	**$ 78,140,018**	$ 93,745,376
Deferred Inflows of Resources				
Deferred amount related to pension plan	**$ 3,617,695**	**$ -**	**$ 3,617,695**	$ 488,614
Deferred amount related to OPEB	**7,838,444**	**-**	**7,838,444**	2,338,802
Deferred amount related to lease revenue	**10,455,451**	**-**	**10,455,451**	10,928,054
Total deferred inflows of resources	**$ 21,911,590**	**$ -**	**$ 21,911,590**	$ 13,755,470
Net Position				
Invested in capital assets, net of related debt	**$ 26,608,788**	**$ 143,851**	**$ 26,752,639**	$ 18,926,737
Restricted:				
Non-expendable	**250,000**	**2,023,583**	**2,273,583**	2,273,583
Expendable:				
Capital projects	**2,984,334**	**-**	**2,984,334**	2,639,659
Specific operating activities, as restated	**-**	**2,481,068**	**2,481,068**	1,954,055
Unrestricted:				
Board-designated endowments, as restated	**-**	**8,365,905**	**8,365,905**	7,328,999
Available for operations	**(66,765,062)**	**31,412,141**	**(35,352,921)**	(48,537,925)
Total net position	**$ (36,921,940)**	**$ 44,426,548**	**$ 7,504,608**	$ (15,414,892)

See accompanying notes.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	Kentucky Authority for Educational Television	Commonwealth Fund for KET, Inc.	2024 Reporting Entity	2023 Reporting Entity
Operating revenues:				
Charges for services	$ 865,676	$ -	$ 865,676	$ 1,276,374
Private gifts and grants	6,033,094	5,382,679	11,415,773	5,214,105
Adult and continuing education	535,031	-	535,031	591,337
Fundraising	-	7,224,259	7,224,259	6,685,397
Fees received from the Fund	26,400	-	26,400	26,400
Lease revenue	1,583,904	-	1,583,904	1,379,373
Miscellaneous	81,009	27,618	108,627	240,753
Total operating revenues	9,125,114	12,634,556	21,759,670	15,413,739
Operating expenses:				
Programming and production	16,902,298	-	16,902,298	16,836,427
Broadcasting	2,127,166	-	2,127,166	2,259,831
Program information	1,714,207	-	1,714,207	1,510,277
Management	5,801,236	1,546,887	7,348,123	7,182,653
Fundraising	-	1,201,663	1,201,663	1,105,179
Pension expense	1,226,913	-	1,226,913	4,055,032
OPEB (benefit) expense	(597,466)	-	(597,466)	900,828
Total operating expenses	27,174,354	2,748,550	29,922,904	33,850,227
Operating (loss) income	(18,049,240)	9,886,006	(8,163,234)	(18,436,488)
Non-operating income (expense):				
State appropriation	17,472,232	-	17,472,232	18,599,325
Federal funds	6,588,670	-	6,588,670	5,313,243
Support received from the Fund	10,191,000	-	10,191,000	4,927,000
Payments to the Foundation	-	(10,191,000)	(10,191,000)	(4,927,000)
Interest expense	(17,582)	-	(17,582)	(23,175)
Investment return	289,475	6,749,939	7,039,414	4,037,742
Total non-operating income (expense)	34,523,795	(3,441,061)	31,082,734	27,927,135
Change in net position	16,474,555	6,444,945	22,919,500	9,490,647
Net position, beginning of year	(53,396,495)	37,981,603	(15,414,892)	(24,905,539)
Net position, end of year	$ (36,921,940)	$ 44,426,548	$ 7,504,608	$ (15,414,892)

See accompanying notes.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	Kentucky Authority for Educational Television	Commonwealth Fund for KET, Inc.	2024 Reporting Entity	2023 Reporting Entity
Cash flows from operating activities:				
Cash received from customers	$ 2,400,164	$ -	$ 2,400,164	$ 2,522,750
Cash received from contributions	5,442,841	11,319,393	16,762,234	12,389,560
Cash paid to suppliers for goods and services	(26,734,580)	(2,663,660)	(29,398,240)	(29,846,659)
Cash paid for personnel services	(3,171,400)	-	(3,171,400)	(3,065,181)
Net cash (used in) provided by operating activities	(22,062,975)	8,655,733	(13,407,242)	(17,999,530)
Cash flows from non-capital financing activities:				
State appropriation	17,472,232	-	17,472,232	18,599,325
Contributions from (to) component units	10,191,000	(10,191,000)	-	-
Net cash provided by (used in) non-capital financing activities	27,663,232	(10,191,000)	17,472,232	18,599,325
Cash flows from capital and related financing activities:				
Payments on long-term debt	(152,218)	-	(152,218)	(147,370)
Payments on lease and SBITA liabilities	(129,299)	(38,214)	(167,513)	(246,869)
Interest paid on long-term debt	(17,582)	-	(17,582)	(23,175)
Reimbursements for Next Gen Project	7,006,513	-	7,006,513	4,980,695
Purchase of capital assets	(10,105,452)	-	(10,105,452)	(5,564,834)
Net cash used in capital and related financing activities	(3,398,038)	(38,214)	(3,436,252)	(1,001,553)
Cash flows from investing activities:				
Net investment activity in Commonwealth's cash and investment pool	(712,231)	-	(712,231)	(830,409)
Purchase of investments	-	(17,010,730)	(17,010,730)	(11,834,943)
Proceeds from sales of investments	-	16,331,619	16,331,619	12,642,567
Investment earnings	289,475	561,357	850,832	531,030
Net cash (used in) provided by investing activities	(422,756)	(117,754)	(540,510)	508,245
Net change in cash and cash equivalents	1,779,463	(1,691,235)	88,228	106,487
Cash and cash equivalents, beginning of year	9,049,759	3,966,666	13,016,425	12,909,938
Cash and cash equivalents, end of year	$ 10,829,222	$ 2,275,431	$ 13,104,653	$ 13,016,425

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Statements of Cash Flows, continued

Years ended June 30, 2024 and 2023

	Kentucky Authority for Educational Television	Commonwealth Fund for KET, Inc.	2024 Reporting Entity	2023 Reporting Entity
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	$ 10,276,558	$ 1,836,585	$ 12,113,143	$ 11,175,893
Restricted cash and cash equivalents	552,664	-	552,664	1,286,270
Cash held for endowment purposes	-	438,846	438,846	554,262
Total cash and cash equivalents	$ 10,829,222	$ 2,275,431	$ 13,104,653	$ 13,016,425
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	$ (18,049,240)	$ 9,886,006	$ (8,163,234)	$ (18,436,488)
Adjustments:				
Depreciation and amortization	2,351,082	49,887	2,400,969	2,169,806
Loss on disposal of capital assets	198,312	-	198,312	
Increase (decrease) in cash due to changes in:				
Grants receivable	205,726	(30,000)	175,726	(285,924)
Underwriting receivable	-	(234,467)	(234,467)	100,548
Accounts receivable	(54,221)	57,166	2,945	(198,382)
Costs incurred for programs not yet broadcast	(77,301)	-	(77,301)	(57,844)
Public and instructional television program rights	(4,674)	-	(4,674)	41,551
Lease receivable	(57,623)	-	(57,623)	408,455
Promises to give	-	(1,250,000)	(1,250,000)	10,500
Receivable from the Fund	(11,308)	-	(11,308)	58,250
Prepaid expenses	(45,337)	(5,509)	(50,846)	(77,324)
Deferred outflows of resources - pension related	473,831	-	473,831	902,069
Deferred outflows of resources - OPEB related	423,676	-	423,676	(24,914)
Accounts payable	549,897	1,586	551,483	164,718
Due to the Authority	-	11,308	11,308	(58,250)
Accrued wages	75,300	-	75,300	59,087
Compensated leave	210,807	-	210,807	333,239
Unearned revenue	(865,680)	169,756	(695,924)	448,074
Net pension liability	(7,588,465)	-	(7,588,465)	3,083,042
Net OPEB liability	(7,953,877)	-	(7,953,877)	497,542
Deferred inflows of resources - pension related	3,129,081	-	3,129,081	(5,094,557)
Deferred inflows of resources - OPEB related	5,499,642	-	5,499,642	(1,031,887)
Deferred amount related to lease revenue	(472,603)	-	(472,603)	(1,010,841)
Net cash (used in) provided by operating activities	$ (22,062,975)	$ 8,655,733	$ (13,407,242)	$ (17,999,530)

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Statements of Cash Flows, continued

Years ended June 30, 2024 and 2023

	Kentucky Authority for Educational Television	Commonwealth Fund for KET, Inc.	2024 Reporting Entity	2023 Reporting Entity
Supplemental disclosures of cash flow information:				
Non-cash investing, capital, and financing activities:				
Change in fair value of investments	$ -	$ 4,239,117	$ 4,239,117	$ 3,736,930
Assets recorded with associated liabilities under GASB 87	103,741	-	103,741	-
Assets recorded with associated liabilities upon adoption of GASB 96	-	-	-	175,441

See accompanying notes.

1. Description of the Organization

The Kentucky Authority for Educational Television (the Authority) is a public body, corporate and politic, of the Commonwealth of Kentucky (the Commonwealth) established by Kentucky Revised Statute (KRS) Chapter 168 that prescribes and enforces regulations governing the use of educational television, television facilities and related functions, the production and transmission of educational television programs and related services. The Authority is a component unit of the Commonwealth's basic financial statements as a discretely presented component unit.

The basic financial statements (hereafter, the financial statements) present the activities of the Authority (primary government) and its significant component units (collectively, KET). The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships with the Authority. The component units, although legally separate entities, are in substance part of the Authority's operations and exist solely to provide services for the Authority.

Blended Component Unit

The Kentucky Educational Television Foundation, Inc. (the Foundation) is a legally separate tax-exempt organization supporting the Authority. The Foundation also assists the Authority in the development and production of educational television programs and materials for the benefit of the citizens of the Commonwealth. The Authority and the Foundation are administered by the same Executive Director and governed by the same Board of Directors (the Board) with the exception of the Foundation whose Board includes a member of the Friends of KET and the Executive Director. Although it is legally separate from the Authority, data from the Foundation is reported as if it were part of the Authority because it is substantively the same.

All significant intercompany transactions and balances have been eliminated in the financial statements.

Discretely Presented Component Unit

The Commonwealth Fund for KET, Inc. (the Fund) is a legally separate tax-exempt Kentucky corporation which receives, holds, and administers gifts and grants in the name of the Authority. The Fund acts primarily as a fundraising organization to supplement the resources that are available to the Authority and the Foundation in support of their programs. The majority of resources or income thereon that the Fund holds and invests is restricted by donors to the activities of the Authority and the Foundation. These resources held by the Fund can only be used by, or for the benefit of, the Authority and the Foundation. The Fund is considered a component unit of the Authority and is discretely presented in the Authority's financial statements. Separate financial statements for the Fund can be obtained from the Fund's business office.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of KET is presented to assist in understanding KET's financial statements. The financial statements and related notes are representations of KET management who are responsible for their integrity and objectivity. The following is a summary of the significant accounting policies consistently followed by KET in the preparation of its financial statements:

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). KET is presented as enterprise funds and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements of KET include disclosures required by the "Principles of Accounting and Financial Reporting for Public Telecommunications Entities" as prescribed by the Public Telecommunications Financing Act of 1978 (Public Law 95-567).

Use of Estimates

The process of preparing financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Position Classes

Net position is classified in the following components:

Invested in capital assets, net - Consists of capital assets net of accumulated depreciation and amortization, and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted non-expendable - Consists of non-capital assets subject to externally imposed stipulations that they be maintained permanently.

Restricted expendable - Consists of non-capital assets that must be used for particular purpose, as specified by creditors, grantors, or donors external to KET.

Unrestricted - Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets, net or restricted net position.

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking and money market accounts, depository accounts that invest in overnight repurchase agreements and certificates of deposit with an original maturity of less than three months.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment return includes the unrealized gains or losses from changes in the fair value of the investments, as well as the realized gains and losses on investments bought and sold, during the year.

Receivables

KET routinely grants open-end credit to schools, universities and other state public broadcasting systems. Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. KET considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Fundraising, Private Gifts and Grants

Contributions, including unconditional promises to give, are recorded as revenues in the period received and are recorded as unrestricted, expendable restricted or non-expendable restricted support depending on the existence and nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Conditional promises to give are recorded only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are stated at the net present value of the expected future payments. In addition, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Based on these criteria, KET has estimated no allowance for doubtful accounts at June 30, 2024 and 2023, respectively, because management expects no material losses.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Leases are contracts that convey control of a right to use another entity's non-financial asset (the underlying asset) for a period of time in an exchange or exchange-like transaction.

2. Summary of Significant Accounting Policies, continued

Leases and Subscription-Based Information Technology Arrangements (SBITAs), continued

SBITAs are agreements that convey the control of the right to use another party's (a SBITA vendor's) information technology (IT) software alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Short-term leases and SBITAs

For leases and SBITAs with a maximum term of 12-months or less at the commencement date of the agreement, KET recognizes lease and SBITA expense as amounts become due under the agreement.

Lease and SBITA right-to-use assets and liabilities

Lease and SBITA liabilities on the statements of net position represent the present value of payments expected to be made during the term of the agreements. Payments under the agreements are discounted to present value using the rate implicit in the agreement, when it can be readily determined, or KET's incremental borrowing rate at the commencement of the agreement. In subsequent years, amortization of the discount is included in interest expense in the statements of revenues, expenses, and changes in net position.

Variable payments based on future performance of KET, usage of the underlying asset or criteria other than an index or rate are not included in the measurement of the lease/SBITA liability. Those variable payments are recognized as an expense in the period in which the obligation for those payments is incurred.

At commencement of the agreement, a right-to-use asset is recorded on the statements of net position in an amount equal to the corresponding lease/SBITA liability plus payments paid by KET at or before the commencement of the agreement's term, less any incentives received from the lessor/SBITA vendor at or before the commencement of the agreement's term. The right-to-use asset also includes any initial direct costs or capitalizable implementation costs that are necessary to place the agreement's asset into service. The right-to-use asset is amortized over the shorter of the agreement's term or the useful life of the right-to-use asset.

Subsequent to the commencement of the agreement, the liability and right-to-use asset are remeasured if certain criteria are met.

KET as Lessor

Lease receivables represent the present value of payments expected to be received during the lease term, reduced by a provision for estimated uncollectible amounts, if necessary. Lease payments are discounted to present value using the rate implicit in the lease. In subsequent years, amortization of the discount is recognized as interest income and included within rental income.

2. Summary of Significant Accounting Policies, continued

Leases and Subscription-Based Information Technology Arrangements (SBITAs), continued

KET as Lessor, continued

Variable payments based on the future performance of the lessee, usage of the underlying asset or criteria other than an index or rate are not included in the measurement of the lease receivables. Those variable payments are recognized as rental income in the period to which those payments relate.

At commencement of the lease, a deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized as rental income in a systematic and rational manner (generally, straight-line approach) over the term of the lease.

Subsequent to the commencement of the lease, the lease receivables and the deferred inflow of resources are remeasured if certain criteria are met.

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast relate to programs produced that will be broadcast in subsequent periods. Grants and contributions received by KET restricted to support such programs are included in unearned revenue if the donor requires commensurate value in return for their support. As the programs are initially broadcast, the costs incurred by KET will be recorded as expenses and the unearned revenue will be recorded as revenue. If the donor's support is non-reciprocal in nature, the grants and contributions are included as revenue in expendable net position for specific operating activities.

Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

Public and Instructional Television Program Rights

Program series and other syndicated products are recorded at the lower of unamortized cost or estimated net realizable value. Generally, purchased program rights for KET are amortized on a straight-line basis over the period of expected usage. Amortization expense for the years ended June 30, 2024 and 2023 was $164,557 and $227,343, respectively.

Capital Assets

Capital assets are stated at cost or, in the case of donated property, at the estimated fair value at the date of the gift to KET. The capitalization threshold for KET is $5,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which ranges from three to thirty years.

2. Summary of Significant Accounting Policies, continued

Operating Revenues and Expenses

Operating revenues and expenses for enterprise funds are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

State Appropriation

State appropriation represents the funds designated for the Authority in the Commonwealth's budget. Funds are recognized as non-operating revenue in the year budgeted by the Commonwealth. Funds not received in the same year as budgeted are recognized as receivables.

Program and Production Underwriting

Revenue for program and production underwriting is recorded on a pro rata basis for the period covered.

Pensions and Other Post-Employment Benefits (OPEB)

KET participates in the Kentucky Employees Retirement System (KERS) administered by the Kentucky Public Pensions Authority (KPPA). These are cost-sharing, multiple employer defined benefit pension and OPEB plans, which cover all eligible full-time employees and provide for retirement, health insurance, disability and death benefits to plan members.

Cost-sharing governmental employers are required to report a net pension and OPEB liability, pension and OPEB expense, and pension and OPEB related deferred outflows/inflows of resources based on their proportionate share of the collective amounts for all governments in the plans. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of KERS and additions to or deductions from KERS' fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments and health insurance premiums (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, requiring KET to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. This statement becomes effective for the fiscal year ending June 30, 2025. KET is evaluating the impact of this statement on the financial statements.

2. Summary of Significant Accounting Policies, continued

Restatement

The components of net position specific to the Fund have been restated to correct the classification of the Board-designated endowment funds. The Board-designated endowment funds were reclassified from restricted - expendable net position to unrestricted net position.

The Fund restatement was as follows:

	As Previously Reported	As Restated	Change
Net position at July 1, 2022:			
Restricted - expendable	$ 7,551,797	$ 776,234	$ 6,775,563
Unrestricted	24,817,520	31,593,083	(6,775,563)
Net position at June 30, 2023:			
Restricted - expendable	8,280,509	951,510	7,328,999
Unrestricted	27,521,987	34,850,986	(7,328,999)

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through October 1, 2024, the date the financial statements were available to be issued.

3. Cash Deposits

The Authority and the Foundation

A portion of the Authority's cash is a part of the Commonwealth's cash and investment pool. The carrying amount of the Authority's cash and cash equivalents invested in the Commonwealth's cash and investment pool at June 30, 2024 and 2023 was $817,875 and $1,087,554, respectively. See the Commonwealth's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024, for disclosure of the credit risk classification of the Commonwealth's cash and investment pool.

The Authority and Foundation have deposits with financial institutions as of June 30, 2024 and 2023. The carrying amount of the Authority's and Foundation's deposits with financial institutions was $4,463,926 and $3,712,492 at June 30, 2024 and 2023, respectively. The Authority's and Foundation's cash balances were fully collateralized on June 30, 2024 and 2023 with securities held by the Authority's and Foundation's agent in the Authority's and Foundation's name.

3. Cash Deposits, continued

The Authority and the Foundation, continued

Cash received from donors or grantors and capital appropriations from the Commonwealth are restricted due to requirements on how the money is to be used. The Authority has $302,664 and $236,810 at June 30, 2024 and 2023, respectively, of cash restricted for capital projects. The Foundation had no cash restricted for grants at June 30, 2024, and had $799,460 at June 30, 2023 of cash restricted for grants. The Foundation has $250,000 of non-expendable restricted cash at June 30, 2024 and 2023 related to the National Endowment for the Arts.

The Fund

The Fund has deposits with financial institutions and investment brokerage firms at June 30, 2024 and 2023. The carrying amount of the Fund's deposits with financial institutions was $2,275,431 and $3,966,666 at June 30, 2024 and 2023, respectively. The Fund's cash balances with financial institutions were fully collateralized as of June 30, 2024 and 2023. Included in the Fund's deposits with financial institutions at June 30, 2024 and 2023 are depository accounts that invest in overnight repurchase agreements totaling $4,400,258 and $924,198, respectively.

Cash received from donors or grantors is restricted due to requirements on how the money is to be used. The Fund has $438,846 and $554,262 of cash as of June 30, 2024 and 2023, respectively, held for endowments (see Note 14).

4. Investments

The Authority and the Foundation

A portion of the Authority's investments are held directly in the Commonwealth's cash and investment pool, which has statutory responsibility and authority to safeguard the funds. At June 30, 2024 and 2023, the Authority's share of investments in the Commonwealth's cash and investment pool totaled $2,299,075 and $1,586,844, all of which is restricted for capital projects. The investment income for the Authority and the Foundation totaled $289,475 and $65,433 for the years ended June 30, 2024 and 2023, respectively, and consisted of interest earned. Legally authorized investments generally include obligations of or guaranteed by the United States; obligations of any corporation of the United States Government; asset backed securities; U.S. dollar denominated corporate securities; collateralized certificates of deposit; bankers' acceptances; commercial paper and repurchase agreements. The Commonwealth is also eligible to invest in reverse repurchase agreements. See the Commonwealth's ACFR for the years ended June 30, 2024 and 2023 for disclosure of the credit risk classification of the Commonwealth's cash and investment pool.

Custodial credit risk for deposits is the risk that in the event of an institution's failure, the Authority's deposits may not be returned. As of June 30, 2024 and 2023, the Authority's investments are neither insured nor registered, but are held by the Authority's custodial agent in the Authority's name.

4. Investments, continued

The Fund

The Fund's investment policy permits the following investments:

- Obligations and contracts for future delivery of obligations backed by the full faith and credit of the United States or a United States governmental agency or corporation, including but not limited to:
    - United States Treasury
    - Farmers Home Administration
    - Governmental National Mortgage Association
    - Federal National Mortgage Association
    - Federal Home Loan Bank
    - Federal Farm Credit Banks
- Collateralized Certificates of Deposit or uncollateralized Certificates of Deposit issued by banks rated in one of the three highest categories by a nationally recognized agency or other interest bearing accounts in depository institutions chartered by the Commonwealth of Kentucky or the United States to the extent guaranteed by deposit insurance
- Commercial paper rated as investment grade
- Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency
- Mutual funds, at least 90% of whose assets are of the type listed above
- Publicly held individual equities or stock mutual funds

The policy is designed to limit interest rate risk, market risk, and concentration of credit risk as follows:

- No more than 75% of the total funds should be invested in equities or stock funds
- No more than 30% of the total funds should be invested in bonds, other fixed income obligations or cash and cash equivalents
- No more than 15% of the total funds should be invested in cash or cash equivalents
- No more than 10% of total funds should be invested in obligations of one obligor, unless that obligor is the United States government or agencies thereof
- No more than 25% of the total funds should be in one mutual fund
- Equity investment in any one company shall be limited at purchase to 5% of the total funds
- Equity investment in any one company shall be limited in market value to 10% of the total funds
- The Fund shall not hold unsecured investments in any one industry in an amount exceeding 20% of the market value of the total funds

4. Investments, continued

The Fund, continued

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Fund's investments are currently invested with approximately 5.1% and 4.1% in domestic corporate bonds and 4.9% and 4.4% in fixed income mutual funds and exchange traded funds (ETFs) at June 30, 2024 and 2023, respectively. ETFs are marketable securities that track an index, a commodity, bonds, or a basket of assets like an index fund. ETFs trade like common stocks on the stock exchange.

The following investment tables outline the weighted average maturities for each category of investments. The Fund has elected to use the weighted average maturity method to outline the potential interest rate risk in the fixed income portfolio. The investment tables also present the credit ratings for each investment type to outline potential credit risk.

Investments in debt and equity securities with readily determinable fair values are carried at fair value.

The Fund's investments at June 30, 2024 were comprised of the following:

Investment Type	Fair Value	Weighted Average Maturity (in years)	Rating
U.S. Government Securities	**$ 201,474**	2.42	AAA
U.S. Government Securities	**348,277**	4.54	AA
Domestic Corporate Bonds	**51,261**	8.88	AAA
Domestic Corporate Bonds	**241,277**	3.63	AA
Domestic Corporate Bonds	**947,139**	2.99	A
Domestic Corporate Bonds	**49,676**	1.25	BAA
Domestic Corporate Bonds	**859,798**	3.31	BBB
Domestic Equities	**26,621,376**	N/A	N/A
Real Estate Investment Trusts	**102,050**	N/A	N/A
Fixed Income Mutual Funds	**1,997,160**	N/A	N/A
Equity Mutual Funds	**6,091,802**	N/A	N/A
Certificates of Deposit	**3,248,629**	1.93	N/A
Total	**$ 40,759,919**		

4. Investments, continued

The Fund, continued

The Fund's investment balances were comprised of the following at June 30, 2023:

Investment Type	Fair Value	Weighted Average Maturity (in years)	Rating
U.S. Government Securities	$ 209,158	3.16	AAA
Domestic Corporate Bonds	105,555	4.69	AA
Domestic Corporate Bonds	592,166	2.82	A
Domestic Corporate Bonds	33,508	1.62	BAA
Domestic Corporate Bonds	669,423	3.81	BBB
Domestic Equities	19,589,228	N/A	N/A
Real Estate Investment Trusts	110,528	N/A	N/A
Fixed Income Mutual Funds	1,537,510	N/A	N/A
Equity Mutual Funds	7,650,817	N/A	N/A
Certificates of Deposit	3,411,975	2.05	N/A
Total	$ 33,909,868		

Investment return is summarized as follows for the years ended June 30:

	2024	2023
Interest and dividend income	**$ 751,396**	$ 629,065
Realized gains (losses)	**1,931,824**	(255,629)
Unrealized gains	**4,239,117**	3,736,930
Investment fees	**(172,398)**	(138,057)
Total	**$ 6,749,939**	$ 3,972,309

The calculation of realized gains and losses is independent of the calculation of the net increase of the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

The Fund has non-expendable investments of $2,023,583 at both June 30, 2024 and 2023 and investments expendable for specific purposes of $9,158,127 and $7,726,247 at June 30, 2024 and 2023, respectively. These investments are included in endowments (see Note 14). All other investments are donations to be used as determined by the Fund's Board of Directors.

5. Fair Value of Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that KET has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input is observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This included basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Real estate investment trusts: Valued at the closing price reported on the active market on which the individual securities are traded.

5. Fair Value of Measurements, continued

Investments in the Commonwealth's cash and investment pool: Valued by the Commonwealth based on the value of underlying securities using quoted prices in active markets for similar securities and interest rates and allocated to the investee according to its share of the pool.

The following table sets forth by level, within the hierarchy, the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30:

	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Commonwealth's cash and investment pool, at fair value	**$ -**	**$ 2,299,075**	**$ -**	**$ 2,299,075**

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Commonwealth's cash and investment pool, at fair value	$ -	$ 1,586,844	$ -	$ 1,586,844

The following table sets forth by level, within the hierarchy, the Fund's assets and liabilities measured at fair value on a recurring basis as of June 30:

	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds	**$ 8,088,962**	**$ -**	**$ -**	**$ 8,088,962**
Common stocks	**26,621,376**	**-**	**-**	**26,621,376**
Corporate bonds	**-**	**2,149,151**	**-**	**2,149,151**
U.S. government securities	**-**	**549,751**	**-**	**549,751**
Real estate investment trusts	**102,050**	**-**	**-**	**102,050**
Total, at fair value	**$34,812,388**	**$ 2,698,902**	**$ -**	**37,511,290**
Certificates of deposit				**3,248,629**
Total investments				**$40,759,919**

5. Fair Value of Measurements, continued

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 9,188,327	$ -	$ -	$ 9,188,327
Common stocks	19,589,228	-	-	19,589,228
Corporate bonds	-	1,400,652	-	1,400,652
U.S. government securities	-	209,158	-	209,158
Real estate investment trusts	110,528	-	-	110,528
Total, at fair value	$28,888,083	$ 1,609,810	$ -	30,497,893
Certificates of deposit				3,411,975
Total investments				$33,909,868

KET's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no transfers between levels during the years ended June 30, 2024 and 2023.

KET holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

6. Leases as Lessor

The Authority has a long-term agreement for the use of its Educational Broadband Service spectrum excess capacity. The agreement commenced on March 5, 2008 and was for a period of 10 years, which can be renewed for two additional terms of 10 years each. In March 2018, the agreement was renewed through April 2028. Under the terms of the agreement, the Authority received an initial fee of $4,000,000, and receives monthly fees ranging from $17,500 to $82,500 over the full 30-year term of the agreement. The $4,000,000 initial payment has been deferred and is being recognized as revenue on a straight-line basis over the 30-year term of the agreement. If the agreement is terminated prior to the extended terms, the remaining balance will be recognized as income at that time.

Additionally, the Authority has entered into other lease agreements involving tower space or excess capacity with maturity dates through February 2038, with total monthly fees ranging from approximately $500 to $37,500. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the years ended June 30, 2024 and 2023 was $1,583,904 and $1,379,373, respectively.

7. Capital Assets

The Authority's and the Foundation's capital assets are comprised of the following at June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	**$ 3,453,346**	**$ 3,340,629**	**$ 3,261,398**	**$ 3,532,577**
Land	**76,083**	**-**	**-**	**76,083**
Total capital assets not being depreciated	**3,529,429**	**3,340,629**	**3,261,398**	**3,608,660**
Capital assets being depreciated:				
Buildings	**16,646,334**	**645,226**	**397,075**	**16,894,485**
Furniture and fixtures	**168,093**	**-**	**15,974**	**152,119**
Graphics	**347,771**	**-**	**-**	**347,771**
Information services	**588,627**	**-**	**-**	**588,627**
Production equipment	**4,268,248**	**-**	**44,468**	**4,223,780**
Studio equipment	**11,934,428**	**8,572,733**	**159,510**	**20,347,651**
Transmitter equipment	**31,218,215**	**808,262**	**47,273**	**31,979,204**
Other equipment	**1,150,008**	**-**	**-**	**1,150,008**
Vehicles	**18,612**	**-**	**-**	**18,612**
Total, at historical cost	**66,340,336**	**10,026,221**	**664,300**	**75,702,257**
Less: accumulated depreciation				
Buildings	**15,722,737**	**154,548**	**198,763**	**15,678,522**
Furniture and fixtures	**135,841**	**7,302**	**15,974**	**127,169**
Graphics	**347,771**	**-**	**-**	**347,771**
Information services	**534,020**	**37,900**	**-**	**571,920**
Production equipment	**4,126,813**	**95,738**	**44,468**	**4,178,083**
Studio equipment	**9,810,541**	**530,277**	**159,510**	**10,181,308**
Transmitter equipment	**18,936,419**	**1,381,161**	**47,273**	**20,270,307**
Other equipment	**1,144,517**	**3,832**	**-**	**1,148,349**
Vehicles	**2,482**	**3,722**	**-**	**6,204**
Total accumulated depreciation	**50,761,141**	**2,214,480**	**465,988**	**52,509,633**
Total capital assets being depreciated, net	**15,579,195**	**7,811,741**	**198,312**	**23,192,624**

7. Capital Assets, continued

	Beginning Balance	Increases	Decreases	Ending Balance
Leased assets being amortized:				
Equipment	**114,652**	**72,675**	**50,995**	**136,332**
Vehicles	**207,333**	**31,066**	**-**	**238,399**
Buildings	**154,117**	**-**	**154,117**	**-**
Total leased assets	**476,102**	**103,741**	**205,112**	**374,731**
Less: accumulated amortization:				
Equipment	**70,176**	**33,973**	**50,995**	**53,154**
Vehicles	**66,209**	**72,681**	**-**	**138,890**
Buildings	**154,117**	**-**	**154,117**	**-**
Total accumulated amortization	**290,502**	**106,654**	**205,112**	**192,044**
Total leased assets being amortized, net	**185,600**	**(2,913)**	**-**	**182,687**
SBITA assets being amortized:				
SBITA assets	**72,961**	**-**	**-**	**72,961**
Less: accumulated amortization	**29,948**	**29,948**	**-**	**59,896**
Total SBITA assets being amortized, net	**43,013**	**(29,948)**	**-**	**13,065**
Capital assets, net	**$19,337,237**	**$11,119,509**	**$ 3,459,710**	**$26,997,036**

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Notes to the Financial Statements, continued

7. Capital Assets, continued

The Fund's capital assets are comprised of the following at June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	$ 832,341	$ -	$ 52,934	$ 779,407
Furniture, fixtures, and equipment	41,585	-	17,737	23,848
Total, at historical cost	873,926	-	70,671	803,255
Less: accumulated depreciation				
Buildings	674,883	11,532	52,934	633,481
Furniture, fixtures, and equipment	41,585	-	17,737	23,848
Total accumulated depreciation	716,468	11,532	70,671	657,329
Total capital assets being depreciated, net	157,458	(11,532)	-	145,926
Leased assets being amortized:				
Equipment	25,025	-	-	25,025
Less: accumulated amortization	7,895	4,195	-	12,090
Total leased assets being amortized, net	17,130	(4,195)	-	12,935
SBITA assets being amortized:				
SBITA assets	102,480	-	-	102,480
Less: accumulated amortization	34,160	34,160	-	68,320
Total SBITA assets being amortized, net	68,320	(34,160)	-	34,160
Capital assets, net	$ 242,908	$ (49,887)	$ -	$ 193,021

7. Capital Assets, continued

The Authority's and the Foundation's capital assets are comprised of the following at June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 145,569	$ 3,307,777	$ -	$ 3,453,346
Land	76,083	-	-	76,083
Total capital assets not being depreciated	221,652	3,307,777	-	3,529,429
Capital assets being depreciated:				
Buildings	16,650,382	83,856	87,904	16,646,334
Furniture and fixtures	132,171	36,512	590	168,093
Graphics	347,771	-	-	347,771
Information services	669,051	-	80,424	588,627
Production equipment	4,340,234	-	71,986	4,268,248
Studio equipment	10,373,502	1,882,145	321,219	11,934,428
Transmitter equipment	31,702,217	235,248	719,250	31,218,215
Other equipment	1,223,518	-	73,510	1,150,008
Vehicles	9,789	18,612	9,789	18,612
Total, at historical cost	65,448,635	2,256,373	1,364,672	66,340,336
Less: accumulated depreciation				
Buildings	15,638,700	171,941	87,904	15,722,737
Furniture and fixtures	132,171	4,260	590	135,841
Graphics	347,771	-	-	347,771
Information services	577,435	37,009	80,424	534,020
Production equipment	4,062,649	136,150	71,986	4,126,813
Studio equipment	9,822,967	308,793	321,219	9,810,541
Transmitter equipment	18,395,205	1,260,464	719,250	18,936,419
Other equipment	1,214,195	3,832	73,510	1,144,517
Vehicles	9,789	2,482	9,789	2,482
Total accumulated depreciation	50,200,882	1,924,931	1,364,672	50,761,141
Total capital assets being depreciated, net	15,247,753	331,442	-	15,579,195

7. Capital Assets, continued

	Beginning Balance	Increases	Decreases	Ending Balance
Leased assets being amortized:				
Equipment	114,652	-	-	114,652
Vehicles	114,355	144,562	51,584	207,333
Buildings	154,117	-	-	154,117
Total leased assets	383,124	144,562	51,584	476,102
Less: accumulated amortization:				
Equipment	35,088	35,088	-	70,176
Vehicles	39,622	60,359	33,772	66,209
Buildings	84,064	70,053	-	154,117
Total accumulated amortization	158,774	165,500	33,772	290,502
Total leased assets being amortized, net	224,350	(20,938)	17,812	185,600
SBITA assets being amortized:				
SBITA assets	72,961	-	-	72,961
Less: accumulated amortization	-	29,948	-	29,948
Total SBITA assets being amortized, net	72,961	(29,948)	-	43,013
Capital assets, net	$15,766,716	$ 3,588,333	$ 17,812	$19,337,237

7. Capital Assets, continued

The Fund's capital assets are comprised of the following at June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	$ 832,341	$ -	$ -	$ 832,341
Furniture, fixtures, and equipment	45,949	-	4,364	41,585
Total, at historical cost	878,290	-	4,364	873,926
Less: accumulated depreciation				
Buildings	663,811	11,072	-	674,883
Furniture, fixtures, and equipment	45,949	-	4,364	41,585
Total accumulated depreciation	709,760	11,072	4,364	716,468
Total capital assets being depreciated, net	168,530	(11,072)	-	157,458
Leased assets being amortized:				
Equipment	25,025	-	-	25,025
Less: accumulated amortization	3,700	4,195	-	7,895
Total leased assets being amortized, net	21,325	(4,195)	-	17,130
SBITA assets being amortized:				
SBITA assets	102,480	-	-	102,480
Less: accumulated amortization	-	34,160	-	34,160
Total SBITA assets being amortized, net	102,480	(34,160)	-	68,320
Capital assets, net	$ 292,335	$ (49,427)	$ -	$ 242,908

7. Capital Assets, continued

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was as follows:

	Authority	Fund	2024 Reporting Entity	2023 Reporting Entity
Program and production	$ 49,630	$ -	$ 49,630	$ 46,914
Management	2,301,452	49,887	2,351,339	2,122,892
Total depreciation and amortization expense	$ 2,351,082	$ 49,887	$ 2,400,969	$ 2,169,806

8. Compensated Leave

KET follows the policy of the Commonwealth which is to record the cost of annual and compensatory leave.

Annual leave is accumulated at amounts ranging from 7.5 to 15.0 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. At June 30, 2024 and 2023, the estimated liability for accrued annual leave for KET was $1,228,133 and $1,178,754, respectively.

Compensatory leave is granted to authorized employees. At June 30, 2024 and 2023, the estimated liability for compensatory leave for KET was $657,873 and $496,445, respectively.

The Fund leases employees from the Foundation; therefore, any liability for compensated absences is recorded by the Foundation, and not the Fund.

Changes in compensated absences for the year ended June 30, 2024 are summarized as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
$ 1,675,199	$ 577,557	$ (366,750)	$ 1,886,006	$ 1,228,133

Changes in compensated absences for the year ended June 30, 2023 are summarized as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
$ 1,341,960	$ 515,702	$ (182,463)	$ 1,675,199	$ 1,136,730

8. Compensated Leave, continued

It is the policy of KET to record the cost of sick leave when paid. Generally, sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death. Sick leave accumulated is added to an employee's years of service at the time of retirement. There was no liability recorded for sick leave at June 30, 2024 and 2023. The estimated accumulated amount of unused sick leave for KET was $4,114,010 and $3,626,446 at June 30, 2024 and 2023, respectively.

9. Note Payable

Note payable is comprised of the following at June 30, 2024:

	2024	2023
Unsecured loan agreement with an agency of the Commonwealth to borrow $1,813,351 from the Green Bank of Kentucky Program. The loan charges a fixed interest based on the prime rate at loan origination (8.25% at June 30, 2024), and payable in 56 consecutive quarterly payments of principal and interest of $40,434 until April 1, 2025.	**$ 197,333**	$ 349,551
Less: current portion	**197,333**	152,218
Long term portion	**$ -**	$ 197,333

Changes in the note payable for the year ended June 30, 2024 are summarized as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
$ 349,551	**$ -**	**$ (152,218)**	**$ 197,333**	**$ 197,333**

Changes in the note payable for the year ended June 30, 2023 are summarized as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
$ 496,921	$ -	$ (147,370)	$ 349,551	$ 152,218

10. Lease and SBITA Liabilities

The Authority and Foundation, as a lessee, has lease agreements involving building space, vehicles and equipment. Lease liabilities are comprised of the following at June 30:

	2024	2023
Lease agreement with monthly payments of $1,307, maturing October 2025, for equipment.	**$ 20,474**	$ 35,302
Lease agreement with monthly payments of $778, maturing February 2026, for a vehicle.	**14,559**	22,435
Lease agreement with monthly payments of $729, maturing October 2025, for a vehicle.	**11,171**	18,960
Lease agreement with monthly payments of $732, maturing August 2025, for a vehicle.	**9,909**	17,912
Lease agreement with monthly payments of $723, maturing July 2025, for a vehicle.	**9,142**	17,175
Lease agreement with monthly payments of $510, maturing February 2026, for a vehicle.	**9,548**	14,713
Lease agreement with monthly payments of $1,791, maturing December 2027, for equipment.	**64,878**	10,507
Lease agreement with monthly payments of $764, maturing August 2024, for a vehicle.	**1,522**	10,498
Lease agreement with monthly payments of $336, maturing February 2026, for a vehicle.	**6,582**	9,962
Lease agreement with monthly payments of $617, maturing September 2024, for a vehicle.	**1,843**	9,077
Lease agreement with monthly payments of $456, maturing October 2024, for a vehicle.	**1,814**	4,501
Lease agreement with monthly payments of $886, maturing February 2027, for a vehicle.	**25,369**	-
	176,811	171,042
Less: current portion	**88,854**	86,291
Long-term portion	**$ 87,957**	$ 84,751

The future payments under lease agreements are as follows for the years ending June 30:

	Principal	Interest	Total
2025	$ 88,854	$ 9,870	$ 98,724
2026	50,912	4,883	55,795
2027	26,559	2,023	28,582
2028	10,486	262	10,748
	$ 176,811	$ 17,038	$ 193,849

10. Lease and SBITA Liabilities, continued

The Authority and Foundation has SBITA agreements involving purchasing, inventory and accounting software. SBITA liabilities are comprised of the following at June 30:

	2024	2023
Agreement with monthly payments of $1,190, maturing December 2024.	**$ 7,073**	$ 20,879
Agreement with monthly payments of $1,067, maturing August 2024.	**2,126**	14,244
Agreement with monthly payments of $501, maturing April 2025.	**4,905**	10,308
	14,104	45,431
Less: current portion	**14,104**	31,327
Long-term portion	**$ -**	$ 14,104

The Fund has lease agreements involving a copier and fax machine. Lease liabilities are comprised of the following at June 30:

	2024	2023
Lease agreement with monthly payments of $365, maturing July 2027, for a copier.	**$ 12,885**	$ 16,813
Lease agreement with monthly payments of $14, maturing July 2027, for a fax machine.	**494**	645
	13,379	17,458
Less: current portion	**4,204**	4,080
Long-term portion	**$ 9,175**	$ 13,378

The future payments under lease agreements are as follows for the years ending June 30:

	Principal	Interest	Total
2025	$ 4,204	$ 344	$ 4,548
2026	4,332	216	4,548
2027	4,464	84	4,548
2028	379	1	380
	$ 13,379	$ 645	$ 14,024

10. Lease and SBITA Liabilities, continued

The Fund has a SBITA involving fundraising software. This SBITA liability is comprised of the following at June 30:

	2024	2023
Agreement with monthly payments of $3,060, maturing June 2025.	**$ 35,791**	$ 69,926
Less: current portion	**35,791**	34,134
Long-term portion	**$ -**	$ 35,792

The following is a summary of changes in lease and SBITA liabilities for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Leases	**$ 188,500**	**$ 103,741**	**$ (102,051)**	**$ 190,190**	**$ 93,058**
SBITAs	**115,357**	**-**	**(65,462)**	**49,895**	**49,895**
Total	**$ 303,857**	**$ 103,741**	**$ (167,513)**	**$ 240,085**	**$ 142,953**

The following is a summary of changes in lease and SBITA liabilities for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Leases	$ 249,219	$ 126,066	$ (186,785)	$ 188,500	$ 90,371
SBITAs	175,441	-	(60,084)	115,357	65,461
Total	$ 424,660	$ 126,066	$ (246,869)	$ 303,857	$ 155,832

11. Pension Plan

All Authority and Foundation employees who work more than one hundred hours per month participate in the KERS defined benefit plan administered by the KPPA, which is a cost-sharing multi-employer public employee retirement plan.

	Tier 1	Tier 2	Tier 3
Participation:	Prior to 9/1/2008	9/1/2008 through 12/31/2013	1/1/2014 and after
Covered Employees:	Substantially all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in KERS.		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	7% - If participant does not have 13 months credit for 1/1/1998 - 1/1/1999. 2.00% - If participant has 13 months credit for 1/1/1998 - 1/1/1999	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 a method adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment: (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations.	
Reduced Retirement Benefit:	Any age with 25 years of service. Age 55 with 5 years of service	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

11. Pension Plan, continued

The KERS defined benefit plan includes two funds, the pension fund which provides retirement benefits and the insurance fund which provides health insurance benefits (see Note 12 for discussion of OPEB liability related to the insurance fund). KERS issues a publicly available financial report that includes financial statements and required supplementary information for both the pension and insurance funds. That report may be obtained by writing to KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40501-6124 or by calling (502) 696-8800.

KET is required to contribute at an actuarially determined rate. Per KRS 61.565(3), contribution requirements of the active employees and the participating organizations are established prior to each biennium and may be amended by the KERS Board of Trustees if determined necessary. For the fiscal years ended June 30, 2024 and 2023, KET employees were required to contribute 5% of their annual covered salary for retirement benefits. Employees with a participation date after September 1, 2008 were required to contribute an additional 1% of their salary for retiree healthcare benefits. KET's normal cost contributions were 9.97%, 9.97% and 10.10% of covered payroll (Authority and Foundation employees) for the years ended June 30, 2024, 2023 and 2022, respectively. The Authority also paid $4,236,482 and $7,825,499 and the Foundation also paid $793,012 during both the years ended June 30, 2024 and 2023, for their actuarially accrued liability contribution (AALC).

At June 30, 2024 and 2023, KET reported a liability of $67,340,444 and $74,928,909, respectively, for its proportionate share of net pension liability. The net pension liability is measured as of June 30 of the preceding year, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of that date. KET's proportion of the net pension liability was based on a projection of the plan's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2024 and 2023, KET's proportion of the net pension liability was 0.55% and 0.57%, respectively.

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan’s fiscal year ended June 30, 2023, using generally accepted actuarial principles.

The actuarial valuation as of June 30, 2022 was performed by GRS. The total pension liability, net pension liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles.

11. Pension Plan, continued

The Board of Trustees of KERS adopted new actuarial assumptions for June 30, 2022. Changes in the assumptions were price inflation and investment return increases and annual rates of withdrawal and mortality updates based on the 2022 Experience Study. The Board of Trustees of KERS previously adopted actuarial assumptions for June 30, 2021. Changes in the assumptions were annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 Experience Study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for KERS non-hazardous members.

The following actuarial assumptions were used in performing the actuarial valuations:

	June 30, 2024	June 30, 2023
Actuarial Valuation Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age	
Amortization Method	Level percent of pay	
Remaining amortization period	25 years, Closed	26 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial valuation of assets recognized	
Investment rate of return	5.50%	5.25%
Inflation rate	2.50%	2.30%
Projected salary increases	3.30% to 15.30%, varies by years of service	
Mortality tables:		
Active members	Pub-2010 General Mortality Table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.	
Healthy retired members	System-specific mortality table based on mortality experience from 2018-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019
Disabled members	Pub-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.	
Date of experience study	July 1, 2018 - June 30, 2022	July 1, 2013 - June 30, 2018

11. Pension Plan, continued

For the year ended June 30, 2024, KET recognized pension expense of $1,226,913 and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	**$ 68,490**	**$ -**
Difference between expected and actual experience	**831,755**	**-**
Change of assumptions	**-**	**1,850,369**
Changes in proportion and differences between employer contributions and proportionate share of contributions	**598,177**	**1,767,326**
Contributions subsequent to the measurement date of June 30, 2023	**5,212,466**	**-**
Total	**$ 6,710,888**	**$ 3,617,695**

For the year ended June 30, 2023, KET recognized pension expense of $4,055,032 and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	$ 290,389	$ -
Difference between expected and actual experience	-	87,778
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,698,333	400,836
Contributions subsequent to the measurement date of June 30, 2022	5,195,997	-
Total	$ 7,184,719	$ 488,614

11. Pension Plan, continued

The deferred outflows of resources related to KET's contributions to the pension plan subsequent to the measurement date are recognized as a reduction of the net pension liability in the subsequent year. The deferred inflows and outflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized and recognized in pension expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan which was determined to be 1.96 years as of June 30, 2024 and 2.02 as of June 30, 2023, for the KERS non-hazardous employees.

The net increase (decrease) in pension expense related to the amortization of the deferred amounts as of June 30, 2024 is as follows:

Year ending June 30:	
2025	$ (2,241,372)
2026	(125,050)
2027	301,279
2028	(54,130)
Total	$ (2,119,273)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis performed was for the period covering fiscal years 2018 through 2022, and is outlined in a report dated March 21, 2024. Several factors are considered in evaluating the long-term rate of return. Assumptions, including long-term historical data, estimates inherent in current market data, and a log - normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

11. Pension Plan, continued

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

Asset Class	Target Allocation	Long Term Nominal Rate of Return
Core Bonds	20.50%	2.45%
United States Equity	32.50%	5.90%
Specialty Credit/High Yield	15.00%	3.65%
Real Return	10.00%	5.15%
Private Equity	7.00%	11.73%
Real Estate	10.00%	4.99%
Cash Equivalent	5.00%	1.39%
Total	100%	

The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

June 30, 2023 is the actuarial valuation date upon which the total pension liability is based for the year ended June 30, 2024. No update procedures were used to determine the total pension liability. The discount rate is defined as the single rate of return that, when applied to all projected payments, results in an actuarial value of projected benefit payments for all current plan members being projected through 2117.

The following presents the net pension liability of KET as of June 30, 2024, as well as what KET's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
KET's proportionate share	$ 77,400,832	**$ 67,340,444**	$ 59,003,425

Detailed information about KERS's fiduciary net position is available in the separately issued KERS financial statements (which is a matter of public record). The Commonwealth's Annual Comprehensive Financial Report (ACFR) should be referred to for additional disclosures related to KERS.

12. Other Post-Employment Benefits (OPEB)

At June 30, 2024 and 2023, KET reported a liability of $4,884,238 and $12,838,115, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30 of the preceding year, and the total OPEB liability used to calculate the net OPEB liability is determined by an actuarial valuation as of that date. KET's proportion of the net OPEB liability was based on a projection of the plan's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities. At June 30, 2024 and 2023, KET's proportion of the net OPEB liability was 0.62% and 0.58%, respectively.

For the year ended June 30, 2024, KET recognized an OPEB benefit of $597,466 and deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	**$ 888**	**$ -**
Difference between expected and actual experience	**-**	**6,642,185**
Change of assumptions	**477,914**	**539,179**
Changes in proportion and differences between employer contributions and proportionate share of contributions	**1,555,465**	**657,080**
Contributions subsequent to the measurement date of June 30, 2023	**1,600,454**	**-**
Total	**$ 3,634,721**	**$ 7,838,444**

For the year ended June 30, 2023, KET recognized OPEB expense of $900,828 and deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	261,933	-
Difference between expected and actual experience	312,798	1,028,282
Change of assumptions	721,628	851,729
Change in proportion and differences between employer contributions and proportionate share of contributions	1,077,199	458,791
Contributions subsequent to the measurement date of June 30, 2022	1,684,839	-
Total	$ 4,058,397	$ 2,338,802

12. Other Post-Employment Benefits (OPEB), continued

The deferred outflows of resources related to KET's contributions to the OPEB plan subsequent to the measurement date are recognized as a reduction of the net OPEB liability in the subsequent year. The deferred inflows and outflows of resources related to the net difference between projected and actual earnings on OPEB plan investments are amortized and recognized in OPEB expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan which was determined to be 3.40 years as of June 30, 2024 and 3.44 as of June 30, 2023, for the KERS non-hazardous employees.

The net decrease in OPEB expense for future years related to the amortization of the deferred amounts as of June 30, 2024 is as follows:

Year ending June 30:	
2025	$ (2,560,327)
2026	(2,443,213)
2027	(743,325)
2028	(57,312)
Total	$ (5,804,177)

For financial reporting, the actuarial valuation as of June 30, 2023 was performed by GRS. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. The actuarial valuation as of June 30, 2022 was performed by GRS. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation:

	June 30, 2024	June 30, 2023
Inflation rate	2.50%	2.30%
Payroll growth rate	0.0%	
Salary increase	3.30% to 15.30%, varies by service	
Investment rate of return	6.50%	6.25%

12. Other Post-Employment Benefits (OPEB), continued

	June 30, 2024	June 30, 2023
Healthcare trend rates:		
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 8.50% at January 1, 2025, then decreasing to an ultimate trend of 4.05% over a period of 13 years.	Initial trend starting at 6.30% at January 1, 2023, then decreasing to an ultimate rend of 4.05% over a period of 13 years.
Mortality tables:		
Pre-retirement	Pub-2010 General Mortality Table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.	
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2018-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	Pub-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.	

The projection of cash flows used to determine the discount rate of 5.94% and 5.72% as of June 30, 2023 and 2022, respectively, applied to KERS non-hazardous, assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.50% and 6.25%, and a municipal bond rate of 3.86% and 3.69% as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2023 and 2022, respectively. However, the cost associated with the implicit employer subsidy was not included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of KERS trusts. Therefore, the municipal bond rates were applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in Note 11.

The following presents the net OPEB liability of KET as of June 30, 2024, as well as what KET's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
KET's proportionate share	$ 6,568,887	**$ 4,884,238**	$ 3,467,587

12. Other Post-Employment Benefits (OPEB), continued

The following presents the net OPEB liability of KET as of June 30, 2024, as well as what KET's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
KET's proportionate share	$ 3,580,482	**$ 4,884,238**	$ 6,462,477

13. Restricted Net Position

Restricted non-expendable net position at both June 30, 2024 and 2023 for the Foundation represents a $250,000 challenge grant received from the National Endowment for the Arts requiring that the principal be maintained intact by the Foundation. The Foundation may borrow from the principal, provided that such borrowing is used to support the production and presentation of regional performing arts and is repaid within two years. As of June 30, 2024 and 2023, no amounts have been borrowed. Investment earnings on the principal are unrestricted.

Restricted non-expendable net position at both June 30, 2024 and 2023 for the Fund consists of the corpus of the W. Paul and Lucille Caudill Little Arts Endowment in the amount of $2,023,583 held by the Fund for the benefit of the Authority. The restricted - non-expendable funds held by the Fund represent donations requiring that the principal be maintained intact by the Fund. The interest and investment earnings are to be used for specific purposes specified by the donors and are classified as expendable for specific operating activities and released to unrestricted net position when used for these specific purposes.

Restricted expendable net position at June 30, 2024 and 2023, respectively, includes $- and $1,002,545 in grants and contributions received restricted for education projects by the Authority, $2,481,068 and $951,510 in contributions and income designated for specific operating programs held by the Fund, and $2,984,334 and $2,639,659 in funds restricted for capital projects within the Authority.

14. Endowments

The Fund's endowment consists of five individual funds established for a variety of purposes. Its endowments include one donor-restricted fund and four funds assigned by the Board of Directors to function as endowments (quasi endowments).

14. Endowments, continued

Interpretation of Relevant Law

The Board of Directors of the Fund has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as restricted - non-expendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund.

The remaining portion of the donor-restricted endowment fund that is not classified in restricted - non-expendable net position is classified as expendable for specific operating activities net position until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Fund considers the following factors in making a recommendation to the Authority to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the Fund
2) The purposes of the Fund and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments

6) Other resources of the Fund
7) The investment policies of the Fund

Return Objectives and Risk Parameters

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of restricted funds that the Fund must hold in perpetuity, or for specific purposes or periods. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation that places a greater emphasis on U.S. Government securities and equity based investments to achieve its long-term return objectives within prudent risk constraints.

14. Endowments, continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending policy calculates the amount of money annually distributed from the Fund's various endowed funds. The current spending policy is to distribute an amount no more than 5% of the preceding three-year average of the fair value of the endowment fund assets. This is consistent with the Fund's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through investment return.

Changes in the Fund's endowment and quasi endowments net position for the year ended June 30, 2024 are as follows:

	Unrestricted	Restricted		
		Expendable	Non-Expendable	Total
Net position, beginning of year, as restated	$ 7,328,999	$ 951,510	$ 2,023,583	$ 10,304,092
Contributions	40,472	-	-	40,472
Interest and dividends	133,738	69,192	-	202,930
Realized gain	200,027	149,852	-	349,879
Unrealized gain	1,009,508	233,516	-	1,243,024
Fees	(14,839)	(25,002)	-	(39,841)
Amounts appropriated for expenditure	(332,000)	(148,000)	-	(480,000)
Net position, end of year	$ 8,365,905	$ 1,231,068	$ 2,023,583	$ 11,620,556

14. Endowments, continued

Changes in the Fund's endowment and quasi endowments net position for the year ended June 30, 2023 are as follows:

	Unrestricted	Restricted		
		Expendable	Non-Expendable	Total
Net position, beginning of year, as restated	$ 6,775,563	$ 776,234	$ 2,023,583	$ 9,575,380
Contributions	18,686	-	-	18,686
Changes in pledges receivable	(10,500)	-	-	(10,500)
Interest and dividends	118,165	57,268	-	175,433
Realized gain (loss)	22,961	(19,866)	-	3,095
Unrealized gain	747,069	310,272	-	1,057,341
Fees	(11,945)	(23,398)	-	(35,343)
Amounts appropriated for expenditure	(331,000)	(149,000)	-	(480,000)
Net position, end of year, as restated	$ 7,328,999	$ 951,510	$ 2,023,583	$ 10,304,092

15. Transactions with Affiliates

The Authority received from or is owed by the Fund the following amounts for the years ended June 30:

	2024	2023
Contributions	**$ 10,191,000**	$ 4,927,000
Fund function employee fees	**1,315,477**	1,303,335
Administrative services employee fees	**26,400**	26,400
Administrative expenses	**76,194**	63,228
	$ 11,609,071	$ 6,319,963

16. Major Sources of Support

The Authority receives a substantial portion of its annual support from the Corporation for Public Broadcasting (CPB). During the years ended June 30, 2024 and 2023, this support totaled $4,120,789 and $3,879,470, respectively, which is included in private gifts and grants on the accompanying Statements of Revenues, Expenses, and Changes in Net Position, and represented approximately 11% and 12%, respectively, of the Authority's total revenues for the year then ended. Future funding from CPB is contingent upon CPB's continued receipt of federal appropriations.

16. Major Sources of Support, continued

Additionally, the Authority receives appropriations from the Commonwealth. During the years ended June 30, 2024 and 2023, this support totaled $17,472,232 and $18,599,325, respectively, which represented approximately 47% and 58% of the Authority's total revenues for the years then ended.

17. Risk Management

KET is exposed to various risks of loss related to torts; errors and omissions; injury to employees; theft of, damage to, and destruction of assets; and natural disasters. The Foundation and Fund purchase commercial insurance to cover exposure to these potential losses, including a commercial package policy, directors and officers insurance, and employee dishonesty insurance. The Authority does not purchase commercial insurance for these risks, but instead manages these risks as follows:

Torts and Errors and Omissions

KET manages risks of loss related to torts and errors and omissions internally. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2024 and 2023, management has determined that no liability for such losses should be recorded. The cost of errors and omissions and directors and officer's insurance is paid for by the Foundation.

Injuries to Employees

KET is a member of the Statewide Workers' Compensation Insurance Program (the Program), a self-insurance program for the benefit of the Commonwealth's employees. Losses payable by the Program include claims and loss of wages as a result of an employment related injury. Premiums are established based upon estimated claims and administrative costs for the coming fiscal year. KET is also a member of the Statewide Worker's Compensation Special Fund, a risk sharing pool which covers pre-existing conditions to protect employers from having to pay for injuries not sustained in their employ, or more than once for disabilities resulting from the same accident. The premiums paid for both programs during the years ended June 30, 2024 and 2023 totaled $26,553 and $21,026, respectively. The Commonwealth's ACFR for the years ended June 30, 2024 and 2023 should be referred to for additional disclosures related to both programs.

Theft of, Damage to, and Destruction of Assets and Natural Disasters

KET utilizes the Commonwealth's Risk Management Fund to cover the exposure to loss arising from the theft of, damage to, or destruction of KET's buildings and personal property. The Commonwealth's ACFR should be referred to for additional disclosures related to the Risk Management Fund.

17. Risk Management, continued

Multi Media Insurance Coverage (Broadcasters Errors and Omissions)

KET carries $5,000,000 in multi-media insurance coverage through a commercial carrier, premiums for which are paid for by the Authority. This coverage is for "mass distributed or accessible data for information in any form including magazines, books, brochures, catalogs, or other types of publications, electronically transmitted information or data bases, audio or video cassette; programming aired over KET transmitter and translator stations."

18. Income Tax Status

The Foundation and the Fund are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation and the Fund qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(1). The Foundation and the Fund are subject to income tax on any unrelated business income. Both had no unrelated business income in fiscal years 2024 and 2023.

19. Blended Component Unit

The Authority's financial statements include accounts of its blended component unit, the Foundation. Below is condensed financial information related to the Foundation as of and for the year ended June 30:

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 9,761,347**	$ 6,912,745
Receivables:		
Grants receivable	**191,534**	397,260
Accrued interest	**26,660**	11,093
Accounts receivable	**16,206**	195,666
Costs incurred for programs not yet broadcast	**195,903**	118,602
Public and instructional television program rights, current	**130,629**	139,210
Receivable from the Fund	**99,468**	88,160
Prepaid expenses	**140,730**	142,977
Total current assets	**10,562,477**	8,005,713
Non-current assets:		
Restricted cash and cash equivalents	**250,000**	1,049,460
Public and instructional television program rights, net of current portion	**67,638**	54,383
Capital assets, net	**3,615,637**	417,140
Total non-current assets	**3,933,275**	1,520,983
Total assets	**$ 14,495,752**	$ 9,526,696
Deferred Outflows of Resources		
Deferred amount related to pension plan	**$ 1,635,756**	$ 963,797
Deferred amount related to OPEB	**1,816,069**	1,036,115
Total deferred outflows of resources	**$ 3,451,825**	$ 1,999,912

19. Blended Component Unit, continued

	2024	2023
Liabilities		
Current liabilities:		
Accounts payable	**$ 561,531**	$ 150,467
Accrued wages	**231,253**	162,238
Current portion of compensated leave	**262,617**	247,428
Unearned revenue	**946,215**	2,038,383
Current portion of lease liabilities	**56,956**	60,956
Current portion of SBITA liabilities	**14,104**	31,327
Total current liabilities	**2,072,676**	2,690,799
Non-current liabilities:		
Lease liabilities, net of current portion	**34,503**	64,277
SBITA liabilities, net of current portion	**-**	14,104
Compensated leave, net of current portion	**137,187**	87,993
Net pension liability	**11,563,589**	11,229,081
Net OPEB liability	**1,482,823**	2,571,379
Total non-current liabilities	**13,218,102**	13,966,834
Total liabilities	**$ 15,290,778**	$ 16,657,633
Deferred Inflows of Resources		
Deferred amount related to pension plan	**$ 317,742**	$ 413,991
Deferred amount related to OPEB	**2,329,439**	807,329
Total deferred inflows of resources	**$ 2,647,181**	$ 1,221,320
Net Position	**$ 9,618**	$ (6,352,345)

19. Blended Component Unit, continued

	2024	2023
Operating revenues	**$ 6,691,873**	$ 5,657,940
Non-operating revenues	**10,480,477**	4,992,433
Total revenues	**17,172,350**	10,650,373
Programming and production	**8,147,082**	8,134,527
Broadcasting	**27,009**	59,263
Program information	**592,945**	611,871
Management	**1,697,694**	1,567,477
Pension expense (benefit)	**449,291**	(2,511,539)
OPEB benefit	**(103,634)**	(43,164)
Total expenses	**10,810,387**	7,818,435
Change in net position	**6,361,963**	2,831,938
Net position, beginning of year	**(6,352,345)**	(9,184,283)
Net position, end of year	**$ 9,618**	$ (6,352,345)
Cash flows from activities:		
Operating	**$ (5,128,701)**	$ (5,842,863)
Non-capital financing	**10,179,692**	4,926,425
Capital and related financing	**(3,275,757)**	(116,334)
Investing	**273,908**	54,340
	$ 2,049,142	$ (978,432)

REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Schedule of the Proportionate Share of the Net Pension Liability

For the Years Ended June 30

	2024	2023	2022	2021	2020
Proportionate percentage of the net pension liability	0.55%	0.57%	0.54%	0.55%	0.50%
Proportionate share of the net pension liability	$67,340,444	$74,928,909	$71,845,866	$77,832,076	$71,017,375
Covered employee payroll *	$10,622,379	$ 8,502,389	$ 7,599,588	$ 8,796,218	$ 7,447,292
Proportionate share of the net pension liability as a percentage of its covered employee payroll	633.95%	881.27%	945.39%	884.84%	953.60%
Plan fiduciary net position as a percentage of the total pension liability	22.32%	18.51%	18.48%	17.92%	15.74%

	2019	2018	2017	2016	2015
Proportionate percentage of the net pension liability	0.50%	0.48%	0.46%	0.46%	0.45%
Proportionate share of the net pension liability	$67,911,406	$63,700,233	$52,915,518	$45,788,271	$40,752,155
Covered employee payroll *	$ 7,808,902	$ 7,531,888	$ 7,789,315	$ 7,660,090	$ 7,820,667
Proportionate share of the net pension liability as a percentage of its covered employee payroll	869.67%	845.74%	679.33%	597.75%	521.08%
Plan fiduciary net position as a percentage of the total pension liability	17.41%	14.80%	14.80%	18.83%	17.41%

* The amounts presented for each fiscal year were determined as of the measurement date of the net pension liability, which is as of the prior fiscal year end.

See independent auditor's report.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Schedule of Pension Contributions

For the Years Ended June 30

	2024	2023	2022	2021	2020
Contractually required contribution	$ 5,212,466	$ 5,195,997	$ 4,970,996	$ 5,087,648	$ 5,701,002
Contributions in relation to the contractually required contribution	(5,212,466)	(5,195,997)	(4,970,996)	(5,087,648)	(5,701,002)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$11,350,317	$10,622,379	$ 8,502,389	$ 7,599,588	$ 8,796,218
Contributions as a percentage of covered employee payroll	45.9%	48.9%	58.5%	66.9%	64.8%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,747,375	$ 3,206,335	$ 3,030,832	$ 2,402,226	$ 2,359,309
Contributions in relation to the contractually required contribution	(4,747,375)	(3,206,335)	(3,030,832)	(2,402,226)	(2,359,309)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,447,292	$ 7,808,902	$ 7,531,888	$ 7,789,315	$ 7,660,090
Contributions as a percentage of covered employee payroll	63.7%	41.1%	40.2%	30.8%	30.8%

See independent auditor's report.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Notes to Required Supplementary Information Related to Pensions

The following summarizes key changes in assumptions and benefit terms from year to year:

Changes in Assumptions and Benefit Terms from 2023 to 2024: The assumed rate of inflation increased from 2.30% to 2.50% and assumed investment rate of return increased from 5.25% to 5.50%. Additionally, the mortality tables changed from the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females) to the MP-200 improvement scales to explicitly project future improvement in life expectancy.

Changes in Assumptions and Benefit Terms from 2022 to 2023: There were no material changes.

Changes in Assumptions and Benefit Terms from 2021 to 2022: There were no material changes.

Changes in Assumptions and Benefit Terms from 2020 to 2021: The salary increase assumption changed from 3.55% - 15.55%, varies by service to 3.30% - 15.30%, varies by service.

Changes in Assumptions and Benefit Terms from 2019 to 2020: The salary increase assumption changed from 3.05%, average to 3.55% - 15.55%, varies by service.

Changes in Assumptions and Benefit Terms from 2018 to 2019: There were no material changes.

Changes in Assumptions from 2017 to 2018: The discount rate and assumed investment rate of return both 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%.

Changes in Assumptions and Benefit Terms from 2016 to 2017: The discount rate and assumed investment rate of return both decreased from 7.50% to 6.75%.

Changes in Assumptions and Benefit Terms from 2015 to 2016: The assumed rate of inflation decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and discount rate and assumed investment rate of return 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).

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Schedule of Proportionate Share of the Net OPEB Liability

For the Years Ended June 30

	2024	2023	2022	2021	2020
Proportion of the net OPEB liability	0.62%	0.58%	0.57%	0.55%	0.50%
Proportionate share of the net OPEB liability	$ 4,884,238	$12,838,115	$12,340,573	$13,950,818	$11,177,811
Covered employee payroll *	$10,622,379	$ 8,502,389	$ 7,599,588	$ 8,796,218	$ 7,447,292
Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	45.98%	150.99%	162.38%	158.60%	150.09%
Plan fiduciary net position as a percentage of the total OPEB liability	66.14%	38.15%	38.38%	29.47%	30.92%

	2019	2018
Proportion of the net OPEB liability	0.50%	0.48%
Proportionate share of the net OPEB liability	$11,825,422	$12,065,829
Covered employee payroll *	$ 7,808,902	$ 7,531,888
Proportionate share of the net OPEB liability as a percentage of its covered employee payroll	151.44%	160.20%
Plan fiduciary net position as a percentage of the total OPEB liability	27.32%	24.40%

* The amounts presented for each fiscal year were determined as of the measurement date of the net OPEB liability, which is as of the prior fiscal year end.

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See independent auditor's report.

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Schedule of OPEB Contributions

For the Years Ended June 30

	2024	2023	2022	2021	2020
Contractually required contribution	$ 1,433,094	$ 1,428,568	$ 820,316	$ 1,016,375	$ 1,152,607
Contributions in relation to the contractually required contribution	(1,433,094)	(1,428,568)	(820,316)	(1,016,375)	(1,152,607)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 11,350,317	$ 10,622,379	$ 8,502,389	$ 7,599,588	$ 8,796,218
Contributions as a percentage of covered employee payroll	12.63%	13.45%	9.65%	13.37%	13.10%

	2019	2018
Contractually required contribution	$ 862,912	$ 750,685
Contributions in relation to the contractually required contribution	(862,912)	(750,685)
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 7,447,292	$ 7,808,902
Contributions as a percentage of covered employee payroll	11.59%	9.61%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See independent auditor's report.

The following summarizes key changes in assumptions and benefit terms from year to year:

Changes in Assumptions and Benefit Terms from 2023 to 2024: The assumed investment rate of return increased from 6.25% to 6.50% and the assumed rate of inflation increased from 2.30% to 2.50%. The healthcare trend rates for Under Age 65 and Ages 65 and Older increased from 6.40% to 6.80% and 6.30% to 8.50%, respectively. The plan discount rate increased from 5.72% to 5.94%.

Changes in Assumptions and Benefit Terms from 2022 to 2023: The healthcare trend rates for Under Age 65 and Ages 65 and Older increased from 6.25% to 6.40% and 5.40% to 6.30%, respectively. The plan discount rate increased from 5.26% to 5.72%.

Changes in Assumptions and Benefit Terms from 2021 to 2022: The healthcare trend rates for Under Age 65 decreased from 7.25% to 6.25% and Ages 65 and Older increased from 5.10% to 5.40%. The plan discount rate decreased from 5.43% to 5.26%.

Changes in Assumptions and Benefit Terms from 2020 to 2021: 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 salary increase assumption changed from 3.55% - 15.55%, varies by service to 3.30% - 15.30%, varies by service. The plan discount rate decreased from 5.73% to 5.43%.

Changes in Assumptions and Benefit Terms from 2019 to 2020: The salary increase assumption changed from 3.05%, average to 3.55% - 15.55%, varies by service. The plan discount rate decreased from 5.86% to 5.73%.

Changes in Assumptions and Benefit Terms from 2018 to 2019: The plan discount rate increased from 5.83% to 5.86%.

Changes in Assumptions and Benefit Terms from 2017 to 2018: The assumed investment rate of return decreased from 7.50% to 6.25%, 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.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Kentucky Authority for Educational Television
Lexington, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Kentucky Authority for Educational Television, a component unit of the Commonwealth of Kentucky, and its discretely presented component unit, the Commonwealth Fund for KET, Inc., (collectively, KET), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which comprise KET's basic financial statements, and have issued our report thereon dated October 1, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Directors
Kentucky Authority for Educational Television
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters, continued

Report on Compliance and Other Matters

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

Purpose of this Report

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

Dean Dorton Allen Ford, PLLC

Lexington, Kentucky
October 1, 2024

KENTUCKY AUTHORITY FOR EDUCATIONAL TELEVISION

Schedule of Findings and Responses

Year ended June 30, 2024

Section I - Summary of Auditor's Results

a. The type of report issued on the financial statements: **Unmodified opinion**

b. Material weaknesses identified in the internal control over financial reporting: **No**

c. Significant deficiencies identified in the internal control over financial reporting: **None reported**

d. Non-compliance which is material to the financial statements: **No**

Section II - Financial Statement Findings and Responses

None