

KUAC TV9 FM 89.9

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

JUNE 30, 2023 AND 2022

KUAC TV9 FM 89.9

TABLE OF CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-8
Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11-12
Notes to the Financial Statements	13-31
Supplementary Information	
Schedules of TV and FM Revenues, Expenses and Changes in Net Position	
Year Ended June 30, 2023	32
Year Ended June 30, 2022	33
Schedules of Revenues, Expenses and Changes in Net Position - Monetary and Nonmonetary	
Year Ended June 30, 2023	34
Year Ended June 30, 2022	35
Schedule of KUAC's Proportionate Share of the Net Pension Liability - PERS-DB Plan	36
Schedule of KUAC's Proportionate Share of the Net OPEB Liability - PERS-DB OPEB Plan	37
Schedule of KUAC's Contribution to PERS-DB Pension Plan	38
Schedule of KUAC's Contribution to PERS-DB OPEB Plan	39

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provide an overview of the financial position and activities of KUAC TV9 & FM89.9 (KUAC) for the years ended June 30, 2023, and June 30, 2022, with selected comparative information for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The KUAC financial report includes three basic financial statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external reporting for public colleges and universities. This statement is applicable for KUAC since KUAC is a public telecommunications entity operated by the University of Alaska Fairbanks.

Statement of Net Position

The Statement of Net Position presents the financial position of KUAC at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of KUAC. The net position is one indicator of the financial condition of KUAC, while the change in net position is an indicator of whether the financial condition has improved or declined during the year. A summarized comparison of KUAC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2023, 2022 and 2021 follows:

	2023	2022	2021
Assets			
Current Assets	\$ 4,376,134	\$ 4,909,238	\$ 4,378,764
Capital assets, net of depreciation	1,247,330	1,336,602	1,406,693
Total Assets	5,623,464	6,245,840	5,785,457
Deferred outflows related to pension	287,000	213,000	282,000
Liabilities			
Current liabilities	293,869	809,290	478,944
Noncurrent liabilities	1,479,000	557,000	1,716,000
Total Liabilities	1,772,869	1,366,290	2,194,944
Deferred inflows related to pension	49,000	1,424,000	114,500
Net position			
Invested in capital assets	1,247,330	1,336,602	1,406,693
Unrestricted	2,841,265	2,331,948	2,351,320
Total Net position	<u>\$ 4,088,595</u>	<u>\$ 3,668,550</u>	<u>\$ 3,758,013</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The most notable changes in the statement of net position as of June 30, 2023 relates to increases in cash and unrestricted net assets, resulting from increased grant funding due to COVID-19 in FY 2021 as well as increased contributions.

Deposits and investments totaled \$4,365,137 at June 30, 2023, as compared with \$4,858,038 at June 30, 2022 and \$4,331,138 at June 30, 2021. These funds consist of operating funds held on deposit at University of Alaska Fairbanks, University of Alaska Foundation, and the KUAC Friends Group bank account.

Liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Position. Current liabilities are those that are due or will likely be paid in the next fiscal year. They are comprised primarily of accounts payable to University of Alaska from KUAC's funds held at University of Alaska Foundation. Long-term liabilities are net pension and other post-employment benefit obligations.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for KUAC. Revenues, expenses and other changes in net position are reported as either operating or nonoperating. All significant revenue sources for KUAC are reported as operating revenue. KUAC has defined significant revenue sources as operating, including grant revenue, state appropriations for operations, contributions, other operating revenues, underwriting revenues, and in-kind contributed support.

A summarized comparison of KUAC's revenues, expenses and changes in net position for the years ended June 30, 2023, 2022 and 2021 follows:

The Statement of Revenues, Expenses and Changes in Net Position reflects an overall increase in net position of \$420,045 or 11.4 percent for the year ended June 30, 2023. Major changes in revenues and expenses in 2023 are described below.

	2023	2022	2021
Operating Revenues	\$ 3,644,180	\$ 3,815,588	\$ 3,538,958
Operating Expenses	3,796,141	3,861,780	3,655,084
Operating Profit	(151,961)	(46,192)	(116,126)
Net non-operating revenues	45,006	176,229	1,165,745
Increase in net position, before other expenses	(106,955)	130,037	1,049,619
Pension expenses - net pension and OPEB	527,000	(219,500)	(104,500)
Increase (decrease) in net position	420,045	(89,463)	945,119
Net position at beginning of the year	3,668,550	3,758,013	2,812,894
Net position at end of year	<u>\$ 4,088,595</u>	<u>\$ 3,668,550</u>	<u>\$ 3,758,013</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

In FY 2023, KUAC had a decrease of \$23,473 in normal operating grants from Corporation for Public Broadcasting (CPB). Certain CPB grants are partially determined by the amount of nonfederal financial assistance we receive. Note 9 to the financial statements includes information as to what types of revenue qualify for nonfederal financial support (NFFS) standing. The importance of the NFFS calculation is that this number is a major factor in the calculation of our CPB grants and in our NPR and PBS and other program distribution costs. In addition, KUAC received \$716,228 in FY 2021 in stabilization funding from CPB provided by the CARES Act and other federal relief legislation to help mitigate effects of the economic decline triggered by the COVID-19 pandemic. These grants are reported as non-operating revenues.

Nonoperating revenue in FY 2023 was \$45,006 in investment income from funds on deposit at the University of Alaska Foundation. Other nonoperating revenue for FY 2022 consisted of a grant from a private foundation for capital improvements. Also included in nonoperating revenue for FY 2021 is \$330,517 in additional CARES Act funding under the Paycheck Protection Program. This forgivable loan was received and fully expended on allowable expenses in FY 2021. KUAC also received \$50,000 in FY 2022 and \$65,000 in FY 2021 of COVID-related funding in the form of grants passed through Alaska Community Foundation.

In FY 2023 underwriting revenue was relatively flat over FY 2022, a decrease of 2.3%. Individual contributions and unrestricted gifts decreased by nearly 9%. This is attributed to economic pressures (real and/or perceived) and no significant realized planned gifts as in FY 2022.

KUAC has adopted GASB 68 related to pension liability and GASB 75 related to the liability for other post-retirement benefits. These accounting standards by the *Governmental Accounting Standards Board* require each government unit across the United States to carry its proportionate share of the net liability of any pension and OPEB plans in which it participates. KUAC benefited employees participate in the State of Alaska Public Employees Retirement System (PERS); thus, it has the responsibility to carry its share of the net pension and OPEB liability from the PERS system. Deferred outflows and inflows of resources relate to the same pension and OPEB requirements. The net effect of changes to the net pension and OPEB liability and related deferred outflows and inflows of resources was to decrease pension expense and increase change in net position by \$527,000 in FY 2023, and to increase pension expense and decrease change in net position by \$219,500 in FY 2022 and by \$50,500 in FY 2021. It is important to note that these standards do not affect the cash flows or budget of KUAC, but rather affect the timing of the recognition of pension and OPEB expense for external financial reporting.

KUAC continues to use a variety of strategies to reduce expenses while continuing to refresh infrastructure. These strategies include reconfiguring positions, delaying recruitments, and conducting a stringent review of every expenditure.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

A comparison of operating expenses by functional and natural classification for selected fiscal years follows (see Note 10 of the financial statements for more information).

Operating Expenses						
Functional Classification						
	FY 2023		FY 2022		FY 2021	
Programming and production	\$ 1,268,913	33.4%	\$ 1,292,205	33.5%	\$ 1,055,556	28.9%
Broadcasting	1,177,556	31.0%	1,190,459	30.8%	1,275,654	34.9%
Program information	176,125	4.6%	205,258	5.3%	230,254	6.3%
Management and general	579,418	15.3%	659,008	17.1%	489,996	13.4%
Fundraising	594,129	15.7%	514,850	13.3%	603,624	16.5%
	<u>\$ 3,796,141</u>	<u>100%</u>	<u>\$ 3,861,780</u>	<u>100%</u>	<u>\$ 3,655,084</u>	<u>100%</u>
Operating Expenses						
Natural Classification						
	FY 2023		FY 2022		FY 2021	
Compensation and benefits	\$ 1,572,462	41.4%	\$ 1,554,479	40.3%	\$ 1,564,089	42.8%
Contractual services	1,136,494	29.9%	1,159,155	30.0%	930,781	25.5%
Supplies and materials	72,988	1.9%	49,975	1.3%	43,004	1.2%
Travel and other	53,378	1.4%	55,208	1.4%	43,942	1.2%
In-kind support	40,546	1.1%	22,375	0.6%	128,797	3.5%
Indirect facilities & admin support	736,852	19.4%	795,523	20.6%	711,645	19.5%
Depreciation	183,421	4.8%	225,065	5.8%	232,826	6.4%
	<u>\$ 3,796,141</u>	<u>100%</u>	<u>\$ 3,861,780</u>	<u>100%</u>	<u>\$ 3,655,084</u>	<u>100%</u>

In FY 2023, KUAC had a decrease of \$65,639 in expenditures (including depreciation) compared to FY 2022. This includes a decrease of \$40,500 for in-kind expenses.

Other Economic and Financial Conditions

The worldwide Coronavirus pandemic continued to have significant effects on global markets, supply chains, businesses and communities during FY 2022, resulting in increased costs for KUAC even in FY 2023. UAF continues to fund the State-owned transponder costs of \$200,000 per year to ensure public broadcasting, including KUAC, is provided to the remote villages across Alaska. UAF also continues to provide indirect facilities and administrative support for KUAC operations on the UAF campus.

The State of Alaska public broadcasting funding has not been restored, even at reduced levels, since summer 2019. State funding for public broadcasting is dependent upon the administration's value in the public broadcasting system. KUAC continued operations in a severely constrained fiscal environment. KUAC continued to tightly control expenses and made difficult survival decisions that include delaying hires and reconfiguring positions.

In spite of the extraordinary circumstances posed by FY 2020 - FY 2022, KUAC's supporters with the means to do so continue to be exceptionally motivated to give. This support ensured that KUAC could continue to meet the demands of its constituents. PBS dues have reverted back to previously unsustainable levels increasing 52.35% since FY2021. Grant funding was secured for a new TV

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

transmitter in FY 2022, however, additional infrastructure is aging and will need to be replaced soon. Without predictable, increased funding from KUAC's licensee, the station continues to face significant uncertainties that will no doubt affect its ability to adequately meet its mission.

Contacting KUAC's Financial Management

This financial report is designed to provide residents of the State of Alaska and our customers and creditors with a general overview of KUAC's finances, and to demonstrate KUAC's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact KUAC TV/FM, University of Alaska Fairbanks, P.O. Box 755620, Fairbanks, Alaska 99175-5620.

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
University of Alaska
KUAC TV9 FM 89.9

Opinion

We have audited the accompanying financial statements of KUAC TV9 FM 89.9, (a public telecommunications entity operated by the University of Alaska Fairbanks), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUAC TV9 FM 89.9, as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KUAC TV9 FM 89.9, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KUAC TV9 FM 89.9's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KUAC TV9 FM 89.9'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 KUAC TV9 FM 89.9's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of matter

As discussed in note 1, the financial statements present only KUAC TV9 FM 89.9, and do not purport to, and do not, present fairly the financial position of the University of Alaska as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-5 and the schedule of proportionate share of net pension and OPEB liability and employer contributions on pages 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RJG, A Professional Corporation

Fairbanks, Alaska
January 5, 2024

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Current assets		
Cash (note 3)	\$ 1,043,154	\$ 1,170,134
Cash position held at University of Alaska Foundation (note 4)	3,321,893	3,687,904
Receivables	11,087	19,989
Prepaid expenses	-	31,211
Total current assets	4,376,134	4,909,238
Capital assets, net of accumulated depreciation (note 5)	1,247,330	1,336,602
Total assets	5,623,464	6,245,840
Deferred outflows related to pension and OPEB (note 8)	287,000	213,000
Liabilities		
Current liabilities		
Accounts payable	68,037	18,000
Due to University of Alaska (note 3)	225,832	791,290
Total current liabilities	293,869	809,290
Noncurrent liabilities		
Net pension and OPEB liability, net (note 8)	1,479,000	557,000
Total liabilities	1,772,869	1,366,290
Deferred inflows related to pension and OPEB (note 8)	49,000	1,424,000
Net position		
Net investment in capital assets	1,247,330	1,336,602
Unrestricted	2,841,265	2,331,948
Total net position	\$ 4,088,595	\$ 3,668,550

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating revenues		
Corporation for Public Broadcasting		
Community service grants	\$ 918,442	\$ 929,527
Other	177,629	190,017
State appropriations and University funding - operating	244,088	200,000
Contributions and unrestricted gifts	1,221,595	1,338,384
Other operating revenues	9,150	37,001
Underwriting revenues	295,878	302,761
Facilities and administrative support - UAF (note 6)	736,852	795,523
In-kind contributions (note 6)	40,546	22,375
	<u>3,644,180</u>	<u>3,815,588</u>
Operating expenses		
Program services		
Programming and production	1,268,913	1,292,205
Broadcasting	994,135	965,394
Program information	176,125	205,258
Supporting services		
Management and general	579,418	659,008
Fundraising	594,129	514,850
Depreciation	183,421	225,065
	<u>3,796,141</u>	<u>3,861,780</u>
Total operating expenses	<u>3,796,141</u>	<u>3,861,780</u>
Operating profit (loss)	<u>(151,961)</u>	<u>(46,192)</u>
Non-operating revenues (expenses)		
Investment income	45,006	-
COVID funding - CARES grant passthrough	-	50,000
Funding for equipment acquisition	-	126,229
	<u>45,006</u>	<u>176,229</u>
Total non-operating revenues	<u>45,006</u>	<u>176,229</u>
Change in net position before other revenues, expenses, gains or losses	(106,955)	130,037
Change in net pension and OPEB liability	527,000	(219,500)
Change in net position	<u>420,045</u>	<u>(89,463)</u>
Net position		
Beginning of year	<u>3,668,550</u>	<u>3,758,013</u>
End of year	<u>\$ 4,088,595</u>	<u>\$ 3,668,550</u>

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash received from operating grants	\$ 1,096,071	\$ 1,119,544
Cash received from state appropriations	244,088	200,000
Cash received from contributions	1,230,497	1,327,757
Cash received from underwriting contracts	295,878	302,761
Other operating revenues received	9,150	37,001
Investment income received	45,006	-
Cash paid to employees and suppliers	(2,754,074)	(2,811,764)
Net cash provided by operating activities	166,616	175,299
Cash flows from non-capital financing activities		
COVID funding	-	50,000
Net advances from (repayments to) University of Alaska	(565,458)	330,346
Net cash provided by non-capital financing activities	(565,458)	380,346
Cash flows from capital and related financing activities		
Grants for equipment acquisition	-	126,229
Purchase of infrastructure and equipment	(94,149)	(154,974)
Net cash (used in) capital and related financing activities	(94,149)	(28,745)
Cash flows from investing activities		
(Increase) decrease in cash position held at University of Alaska Foundation	366,011	(779,232)
Net cash (used in) investing activities	366,011	(779,232)
Net increase (decrease) in cash and cash equivalents	(126,980)	(252,332)
Cash and cash equivalents		
Beginning of year	1,170,134	1,422,466
End of year	\$ 1,043,154	\$ 1,170,134

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS (Continued)

YEARS ENDED JUNE 30, 2023 AND 2022

Reconciliation of operating profit (loss) to net cash provided by operating activities

	2023	2022
Operating profit (loss)	\$ (151,961)	\$ (46,192)
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation expense	183,421	225,065
Investment income	45,006	-
Changes in assets and liabilities:		
Contributions receivable	8,902	(10,627)
Prepaid expenses	31,211	7,053
Accounts payable	50,037	-
Net cash provided by operating activities	\$ 166,616	\$ 175,299
 Noncash activities		
In-kind contributions of expenses and prepaid expenses	\$ 40,546	\$ 128,797
In-kind contributions of facilities and administrative support	\$ 736,852	\$ 711,645

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Reporting entity and business activities - KUAC TV9 FM 89.9 (KUAC) is a unit of the University of Alaska Fairbanks (UAF), which is a component unit of the State of Alaska. KUAC is the licensee of one public television station and one public radio station. The financial statements present only the activities of KUAC and do not include any other activities of the University of Alaska or the State of Alaska. The financial statements also include the assets, revenue, expenses, and net assets of KUAC Friends Group, Inc. (Friends Group). Friends Group is a legally separate, nonprofit component unit of KUAC. The Friends Group was established to solicit donations and to hold and manage such assets for the exclusive benefit of KUAC.

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

Basis of presentation - The financial statements of KUAC have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

KUAC follows the "business-type" activities of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. KUAC also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*, effective for the fiscal year ending June 30, 2013. These Statements require the following components of KUAC's financial statements: Management's Discussion and Analysis; basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows – Direct Method; and Notes to the Financial Statements. It also requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 also requires separate reporting of deferred outflows and inflows of resources.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - BASIS OF PRESENTATION (continued)

Deferred outflows of resources represent the consumption of net assets by KUAC in one period that is applicable to future periods. KUAC's deferred outflows of resources relate to its pension and OPEB obligations.

Deferred inflows of resources represent the acquisition of net assets in one period that is applicable to future periods. KUAC's deferred inflows of resources relate to its pension and OPEB obligations.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources and is required to be classified for accounting and reporting purposes into the following categories:

Unrestricted net position is the net amount of assets, net of related liabilities not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by management action or may otherwise be limited by contractual agreements with outside parties.

Restricted net position:

Expendable net position is subject to externally-imposed restrictions that may or will be met by actions of KUAC and/or that expire with the passage of time.

Non-expendable net position is subject to externally-imposed restrictions requiring that they be maintained permanently by the university.

Net investment in capital assets - Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

Operating activities - KUAC's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services. Revenues associated with, or restricted by donors to use for, capital improvements are recorded as non-operating revenues.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the economic resources measurement focus and accrual bases of accounting. All significant intra-organization transactions have been eliminated.

Revenue recognition - State appropriations and University funding are recorded in the statement of revenues, expenses and changes in net position as operating revenue if provided for regular operations of the stations, as resources are committed by the University.

Membership contributions are recognized as operating revenue in the period they are pledged. Revenue related to program underwriting is recognized as the funds are collected, which approximates when earned as the sponsored program is aired. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed travel, advertising, transponder rental, and indirect administrative support. Donated personal services of nonprofessional volunteers are not recorded as revenue and expense as there is no objective basis to measure the value of such services.

Public Broadcasting grants - The Corporation for Public Broadcasting is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). Each grant must be fully expended within two years of the initial grant authorization. These grants are recognized as revenue in the year awarded.

Indirect Administrative Support - Facilities and administrative support - UAF consists of allocated institutional support and physical plant costs incurred by the University of Alaska for which KUAC receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense as allocated in functional expense categories. For the years ended June 30, 2023 and 2022, KUAC follows a simplified method calculated based on University of Alaska's administrative and facilities support costs divided by direct costs.

Advertising costs - Advertising costs are expensed in the period in which they are incurred.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses - The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position and in a footnote detailing functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

Capital assets - Capital assets consist primarily of television and radio production, broadcasting, and transmitting equipment. The equipment is stated at acquisition cost or fair value at date of donation in the case of gifts. Depreciation is recognized on a straight-line basis, with useful lives ranging from 4 to 20 years.

Pensions - For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the pension plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's pension accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Postemployment Benefits Other Than Pensions (OPEB) - For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the OPEB plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's OPEB accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Income taxes - KUAC is wholly-owned by the University of Alaska and is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Subsequent events - Management has evaluated subsequent events through January 5, 2024, the date the financial statements were available to be issued.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 3 - CASH AND DUE TO UNIVERSITY OF ALASKA

Cash represents the equity of KUAC in the respective pooled cash resources of the University of Alaska. Disclosure information required under GASB No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), Reverse Repurchase Agreements*, is not available. Cash also includes funds held in KUAC Friends Group, Inc.'s bank account, totaling \$277,453 and \$307,044 at June 30, 2023 and 2022, respectively.

Due to University of Alaska, with balances of \$225,832 and \$791,290 at June 30, 2023 and 2022, represents funds the University has paid out for KUAC expenditures in excess of reimbursements received from KUAC funds held at University of Alaska Foundation. This does not represent a loan from University of Alaska but merely gap funding necessitated by the timing of receiving grants and other cash versus paying organization expenses.

NOTE 4 - CASH POSITION HELD AT UNIVERSITY OF ALASKA FOUNDATION

KUAC invests its contributed funds through the University of Alaska Foundation. These funds are generated mainly through sustaining gifts, annual TV and FM fundraising membership drives, and program underwriting, and are pooled for payment of both TV and FM expenditures. The University of Alaska Foundation supports KUAC and other university programs. KUAC is not at risk for market declines in regard to these funds.

On a quarterly basis, KUAC Friends Group transfers the previous quarter's net contributions received to University of Alaska Foundation to be held for KUAC's needs. The invested balances transferred from the Friends Group are charged a 1% gift fee.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 5 - CAPITAL ASSETS

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Infrastructure	\$ 3,971,162	\$ 94,149	\$ -	\$ 4,065,311
Equipment	1,055,167	-	-	1,055,167
Total	<u>5,026,329</u>	<u>94,149</u>	<u>-</u>	<u>5,120,478</u>
Accumulated depreciation:				
Infrastructure	(2,851,878)	(148,114)	-	(2,999,992)
Equipment	(837,849)	(35,307)	-	(873,156)
Total	<u>(3,689,727)</u>	<u>(183,421)</u>	<u>-</u>	<u>(3,873,148)</u>
Capital assets, net	<u>\$ 1,336,602</u>	<u>\$ (89,272)</u>	<u>\$ -</u>	<u>\$ 1,247,330</u>
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Infrastructure	\$ 3,837,302	\$ 133,860	\$ -	\$ 3,971,162
Equipment	1,034,053	21,114	-	1,055,167
Total	<u>4,871,355</u>	<u>154,974</u>	<u>-</u>	<u>5,026,329</u>
Accumulated depreciation:				
Infrastructure	(2,688,875)	(163,003)	-	(2,851,878)
Equipment	(775,787)	(62,062)	-	(837,849)
Total	<u>(3,464,662)</u>	<u>(225,065)</u>	<u>-</u>	<u>(3,689,727)</u>
Capital assets, net	<u>\$ 1,406,693</u>	<u>\$ (70,091)</u>	<u>\$ -</u>	<u>\$ 1,336,602</u>

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT

Facilities and administrative support consists of allocated institutional support and physical plant costs incurred by the University of Alaska Fairbanks on behalf of KUAC. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as indirect facilities and administrative support and also as expense. For the years ended June 30, 2023 and 2022, KUAC follows a simplified method of calculating the indirect cost rate, as directed by Corporation for Public Broadcasting. The rate is calculated based on University of Alaska's administrative and facilities support costs for their years ended June 30, 2023 and 2022, divided by their other direct costs. This results in a rate of 25.99% for FY23 and 28.22% for FY22. The total indirect expenses are allocated among expenditure categories based upon the expenditure category percentage of the total expenditures.

	2023		
	Indirect facilities and administrative support	In-kind support	Totals
TV:			
Programming and production	\$ 129,827	\$ -	\$ 129,827
Broadcasting	132,752	1,241	133,993
Program information	35,204	2,730	37,934
Management and general	67,106	4,315	71,421
Fundraising	58,241	11,987	70,228
Total TV	<u>423,130</u>	<u>20,273</u>	<u>443,403</u>
FM:			
Programming and production	131,919	-	131,919
Broadcasting	71,802	1,241	73,043
Program information	-	2,730	2,730
Management and general	50,634	4,315	54,949
Fundraising	59,367	11,987	71,354
Total FM	<u>313,722</u>	<u>20,273</u>	<u>333,995</u>
Total	<u>\$ 736,852</u>	<u>\$ 40,546</u>	<u>\$ 777,398</u>

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT (continued)

	2022		
	Indirect facilities and administrative support	In-kind support	Totals
TV:			
Programming and production	\$ 140,515	\$ -	\$ 140,515
Broadcasting	125,396	5,788	131,184
Program information	42,858	5,400	48,258
Management and general	88,665	-	88,665
Fundraising	41,021	-	41,021
Total TV	<u>438,455</u>	<u>11,188</u>	<u>449,643</u>
FM:			
Programming and production	143,902	-	143,902
Broadcasting	84,712	5,787	90,499
Program information	1,609	5,400	7,009
Management and general	56,383	-	56,383
Fundraising	70,462	-	70,462
Total FM	<u>357,068</u>	<u>11,187</u>	<u>368,255</u>
Total	<u>\$ 795,523</u>	<u>\$ 22,375</u>	<u>\$ 817,898</u>

NOTE 7 - CONCENTRATIONS AND ECONOMIC DEPENDENCE

In addition to receiving the in-kind facilities and administrative support as discussed in Note 6, KUAC is dependent on its sponsoring organization, University of Alaska Fairbanks (UAF), for cash operating revenues. During the years ended June 30, 2023 and 2022, UAF provided the following cash support to KUAC.

	<u>2023</u>	<u>2022</u>
State appropriation	<u>\$ 244,088</u>	<u>\$ 200,000</u>

For the years ended June 30, 2023 and 2022, KUAC received 38 and 45 percent, respectively, of its cash revenues from grants from the Corporation for Public Broadcasting.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS

Participation in one of the various pension plans generally depends on when an employee was originally hired by the University. Substantially all regular employees hired before July 1, 2006 participate in the State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. However, certain staff hired July 1, 2015 and later are not eligible for the ORP. The state's defined contribution plan is the Public Employees' Retirement System - Defined Contribution (PERS-DC).

KUAC provides elective deferral options for employee contributions to deferred annuity plans in accordance with Internal Revenue Code sections 403(b) and 457(b), subject to eligibility criteria.

Each of the plans noted above are described in more detail in the sections that follow.

Actuarial Assumptions for State of Alaska PERS-DB and OPEB plans

The total pension and OPEB liabilities for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.5% per year
Salary increases	Increases range from 6.75% to 2.85% based on service
Investment rate of return	7.25%, net of plan investment expenses, based on average inflation rate of 2.5% and a real rate of return of 4.75%
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 7.5% grading down to 4.5%
Participation in OPEB plans	100% of system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

Pre-commencement and post-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted for pension, headcount-weighted for OPEB, and projected with MP-2021 generational improvement. Post-commencement mortality rates were based upon 98% of male and 106% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 35% of the time.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation, updated to reflect the most recent two years of actual administrative expenses.

For OPEB plans, in addition to the changes in assumptions regarding administrative expenses, the following assumption changes have been made since the prior valuation: Per capita claims costs were updated to reflect recent experience.

Long-term expected rate of return. The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation are summarized in the following table (note that the rates shown below exclude an inflation component of 2.5%).

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	6.51%
Global equity (non-US)	5.70%
Aggregate bonds	31.00%
Opportunistic	0.00%
Real assets	3.71%
Private equity	9.61%
Cash equivalents	-0.50%

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

Discount Rate. The discount rate used to measure the total pension and OPEB liabilities was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the fiduciary net positions for the pension and OPEB Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

Plan Description

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

PERS provides pension, post-employment health care, death, and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS includes the PERS-DB and Alaska Retiree Healthcare Trust (ARHCT). Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the Retiree Health Fund (RHF).

Each fiscal year, PERS-DB issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

Funding Policy and Annual Pension Cost

Employee contribution rates are 6.75 percent. The funding policy for PERS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The 2023 and 2022 actuarially determined rates were 24.79 percent and 30.11 percent of applicable gross pay, respectively. However, the employer contribution rate for the University was capped by the state at 22 percent for fiscal years 2023 and 2022.

The amounts contributed to PERS-DB by KUAC during the years ended June 30, 2023 and 2022 were \$144,780 and \$142,491, respectively, equal to the required employer contributions for each year. These contributions cover pension and postemployment healthcare, at the statutorily required minimum each year of 22 percent of KUAC's PERS covered payroll.

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

At June 30, 2023, KUAC reported a liability for its proportionate share of the net pension liability. The amount recognized by KUAC as its proportionate share of the net pension liability and the State's proportionate share of the net pension liability associated with KUAC were as follows:

	2023	2022
KUAC's proportionate share of the net pension liability - PERS	\$ 2,399,000	\$ 1,870,000
State's proportionate share of the net pension liability associated with KUAC (unaudited)	664,000	253,000
Total net pension liability	\$ 3,063,000	\$ 2,123,000

KUAC's proportion of the net pension liability of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net pension liability was based on a projection of the University's share of present value of future contributions to the pension plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2023, the University's portion was 4.038% of the overall PERS liability. KUAC's portion was 0.047%.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

At June 30, 2023, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB pension plan from the following sources:

	June 30, 2023	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Difference between projected and actual investment earnings	-	-
Changes in assumptions	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	69,000	-
Contributions subsequent to the measurement date	145,000	-
	\$ 214,000	\$ -

The contributions of \$145,000 reported as deferred outflows of resources related to pensions resulting from KUAC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB will be recognized in pension expense as follows:

Years ending June 30

2024	\$ (29,000)
2025	\$ (50,000)
2026	\$ 148,000

Sensitivity of KUAC's proportionate share of the net pension liability to changes in the discount rate. The following presents KUAC's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what KUAC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Discount rate 7.38%	1% increase 8.25%
KUAC's proportionate share of the net pension liability	\$ 3,230,000	\$ 2,399,000	\$ 1,699,000

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS-DB financial report.

According to GASB Statement No. 68, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University would no longer report under a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net pension liability of \$664,000 (unaudited) as of June 30, 2023.

Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 and 2022, KUAC reported an asset for its proportionate share of the net Postemployment Benefits Other Than Pensions (OPEB) asset. The amount recognized by KUAC as its proportionate share of the net OPEB (asset) liability and the State's proportionate share of the net PERS OPEB liability associated with KUAC as of June 30, 2023 and 2022 were as follows:

	2023	2022
KUAC's proportionate share of the net OPEB liability (asset)	\$ (920,000)	\$ (1,313,000)
State's proportionate share of the net OPEB liability (asset) associated with KUAC (unaudited)	(263,000)	(172,000)
Total net OPEB liability	\$ (1,183,000)	\$ (1,485,000)

KUAC's proportion of the net OPEB asset of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net OPEB asset was based on a projection of the University's share of present value of future contributions to the OPEB plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2023, the University's portion was 4.011% of the overall PERS liability. KUAC's portion was 0.0471%.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLANS (continued)

At June 30, 2023, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan from the following sources:

	June 30, 2023	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,000
Difference between projected and actual investment earnings	52,000	-
Changes in assumptions	-	42,000
Changes in proportion and difference between employer contributions and proportionate share of contributions	21,000	-
Contributions subsequent to the measurement date	-	-
	\$ 73,000	\$ 49,000

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan will be recognized in OPEB expense as follows:

Years ending June 30

2024	\$ (55,000)
2025	\$ (41,000)
2026	\$ 120,000

Sensitivity of KUAC's proportionate share of the net OPEB liability to changes in the discount rate. The following presents KUAC's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 7.25%, as well as what KUAC's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% decrease 6.25%	Discount rate 7.25%	1% increase 8.25%
KUAC's proportionate share of the net OPEB liability	\$ (546,000)	\$ (920,000)	\$ (1,233,000)

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLAN (continued)

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

According to GASB Statement No. 75, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University would no longer report under a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net OPEB asset of \$263,000 (unaudited) as of June 30, 2023.

State of Alaska Public Employees' Retirement System - Defined Contribution (PERS-DC)

Plan Description

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of each member or beneficiary.

Funding Policy and Annual Pension Cost

Employee contribution rate is 8 percent and the employer effective contribution rate is 22 percent of covered payroll. For the years ended June 30, 2023 and 2022, KUAC's total covered payroll was \$197,334 and \$191,530. Employer contributions were \$43,413 and \$42,137 for the years ended June 30, 2023 and 2022, respectively, for pension and postemployment healthcare.

On July 1, 2006, three pension trust sub-funds were created within PERS: the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). KUAC's employer contributions to these plans, and the Postemployment Benefits Other Than Pensions (OPEB) Liabilities related to these plans are not material and have not been calculated for separate disclosure.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8 - RETIREMENT PLAN (continued)

University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

Plan Description

The ORP is an employer funded defined contribution plan with operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants. KUAC employees participate in ORP Tier 3, created for participants hired on or after July 1, 2006 who made a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plan, PERS-DC.

KUAC's covered payroll for ORP Tier 3 was \$163,963 and \$158,749 for the years ended June 30, 2023 and 2022, respectively. Employee contributions rates were 8% and KUAC contribution rates were 12% of covered payroll. KUAC contributions totaled \$19,675 and \$19,050 for the years ended June 30, 2023 and 2022. KUAC contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan (Pension)

Plan Description

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006), and faculty classified as temporary, participate in the Pension plan which was established effective January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006 and electing to participate in the University of Alaska Retirement program, also participate in the Pension plan.

Funding Policy and Annual Pension Cost

For fiscal years 2023 and 2022, employer contributions for regular employees were 7.65 percent of covered wages up to a maximum of \$42,000. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$160,200 and \$147,000 in 2023 and 2022, respectively. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006, are 100 percent vested at all times. KUAC contributions for participants hired on or after July 1, 2006, are 100 percent vested after 3 years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan. The contributions on behalf of KUAC employees were \$56,677 and \$50,178 for the years ended June 30, 2023 and 2022.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 9 - NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

However, to eliminate distortions in the TV Community Service Grant (CSG) grant program precipitated by large infusions of new capital investments in Digital Television (DTV), all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities, regardless of source or form of the contribution, are not included in calculating NFFS. This change excludes all revenues received for any TV capital purchases.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Revenue reported for NFFS in relation to net pension liability is limited only to actual contributions to the plan, reported as "State of Alaska on-behalf contributions - pension." It does not include changes in net pension liability.

The operations of KUAC are accounted for using the following funds for CPB purposes:

Television Fund - This fund includes the revenues and expenses of KUAC TV9, the television transmission operations through Alaska One.

Radio Fund - This fund includes the revenues and expenses of KUAC FM 89.9.

Reported NFFS for KUAC were \$1,463,630 and \$1,508,189 for KUAC TV9, and \$1,117,924 and \$1,179,920 for KUAC FM 89.9 for the years ended June 30, 2023 and 2022, respectively.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 10 - FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

	Compensation & Benefits	Contractual Services	Supplies & Materials	Travel & Other	In-kind Support	Indirect Facilities & Admin Support	Total	Depreciation
2023								
Program services								
Programming								
and production	\$ 460,053	\$ 542,895	\$ 991	\$ 3,229	\$ -	\$ 261,745	\$ 1,268,913	\$ -
Broadcasting	289,372	451,151	44,019	2,557	2,482	204,554	994,135	183,421
Program information	135,461	-	-	-	5,460	35,204	176,125	-
Total program services	884,886	994,046	45,010	5,786	7,942	501,503	2,439,173	183,421
Supporting services								
Management and general								
Fundraising	355,280	80,082	10,539	7,147	8,630	117,740	579,418	-
Fundraising	332,296	62,366	17,439	40,445	23,974	117,609	594,129	-
Total supporting services	687,576	142,448	27,978	47,592	32,604	235,349	1,173,547	-
Total 2022	<u>\$ 1,572,462</u>	<u>\$ 1,136,494</u>	<u>\$ 72,988</u>	<u>\$ 53,378</u>	<u>\$ 40,546</u>	<u>\$ 736,852</u>	<u>\$ 3,612,720</u>	<u>\$ 183,421</u>
2022								
Program services								
Programming								
and production	\$ 434,458	\$ 565,021	\$ 3,647	\$ 4,662	\$ -	\$ 284,417	\$ 1,292,205	\$ -
Broadcasting	255,981	450,985	36,189	1,331	10,800	210,108	965,394	225,065
Program information	139,653	11,400	-	-	11,575	42,630	205,258	-
Total program services	830,092	1,027,406	39,836	5,993	22,375	537,155	2,462,857	225,065
Supporting services								
Management and general								
Fundraising	415,258	90,365	4,395	3,942	-	145,048	\$ 659,008	-
Fundraising	309,129	41,384	5,744	45,273	-	113,320	514,850	-
Total supporting services	724,387	131,749	10,139	49,215	-	258,368	1,173,858	-
Total 2021	<u>\$ 1,554,479</u>	<u>\$ 1,159,155</u>	<u>\$ 49,975</u>	<u>\$ 55,208</u>	<u>\$ 22,375</u>	<u>\$ 795,523</u>	<u>\$ 3,636,715</u>	<u>\$ 225,065</u>

SUPPLEMENTARY INFORMATION

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 918,442	\$ 734,982	\$ 183,460
Other	177,629	177,629	-
State appropriations and University funding	244,088	233,790	10,298
Contributions and unrestricted gifts	1,221,595	675,213	546,382
Other operating revenues	9,150	1,350	7,800
Underwriting revenue	295,878	89,927	205,951
Facilities and administrative support from University of Alaska	736,852	423,130	313,722
In-kind contributions, services and other	40,546	20,273	20,273
	<u>3,644,180</u>	<u>2,356,294</u>	<u>1,287,886</u>
Operating expenses			
Program services			
Programming and production	1,268,913	629,387	639,526
Broadcasting	994,135	644,806	349,329
Program information	176,125	173,395	2,730
Supporting services			
Management and general	579,418	329,636	249,782
Fundraising	594,129	294,337	299,792
Depreciation	183,421	163,970	19,451
	<u>3,796,141</u>	<u>2,235,531</u>	<u>1,560,610</u>
Operating profit (loss)	<u>(151,961)</u>	<u>120,763</u>	<u>(272,724)</u>
Non-operating revenues (expenses)			
Investment income	45,006	22,503	22,503
COVID funding - CARES grant passthrough	-	-	-
Funding for equipment acquisition	-	-	-
	<u>45,006</u>	<u>22,503</u>	<u>22,503</u>
Change in net position before other revenues, expenses, gains or losses	<u>(106,955)</u>	<u>143,266</u>	<u>(250,221)</u>
Change in net pension and OPEB	<u>527,000</u>	<u>194,990</u>	<u>332,010</u>
Change in net position	<u>420,045</u>	<u>338,256</u>	<u>81,789</u>
Net position			
Beginning of year	<u>3,668,550</u>	<u>2,488,545</u>	<u>1,180,005</u>
End of year	<u>\$ 4,088,595</u>	<u>\$ 2,826,801</u>	<u>\$ 1,261,794</u>

See independent auditor's report.

KUAC TV9 FM 89.9
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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 929,527	\$ 725,833	\$ 203,694
Other	190,017	190,017	-
State appropriations and University funding	200,000	200,000	-
Contributions and unrestricted gifts	1,338,384	727,759	610,625
Other operating revenues	37,001	34,056	2,945
Underwriting revenue	302,761	100,867	201,894
Facilities and administrative support from University of Alaska	795,523	438,455	357,068
In-kind contributions, services and other	22,375	11,188	11,187
	<u>3,815,588</u>	<u>2,428,175</u>	<u>1,387,413</u>
Operating expenses			
Program services			
Programming and production	1,292,205	638,406	653,799
Broadcasting	965,394	575,118	390,276
Program information	205,258	192,162	13,096
Supporting services			
Management and general	659,008	402,839	256,169
Fundraising	514,850	194,715	320,135
Depreciation	225,065	179,880	45,185
	<u>3,861,780</u>	<u>2,183,120</u>	<u>1,678,660</u>
Operating profit (loss)	<u>(46,192)</u>	<u>245,055</u>	<u>(291,247)</u>
Non-operating revenues (expenses)			
COVID funding - CARES grant passthrough	50,000	-	50,000
Funding for equipment acquisition	126,229	126,229	-
	<u>176,229</u>	<u>126,229</u>	<u>50,000</u>
Change in net position before other revenues, expenses, gains or losses	130,037	371,284	(241,247)
Change in net pension and OPEB	<u>(219,500)</u>	<u>(81,215)</u>	<u>(138,285)</u>
Change in net position	(89,463)	290,069	(379,532)
Net position			
Beginning of year	<u>3,758,013</u>	<u>2,198,476</u>	<u>1,559,537</u>
End of year	<u>\$ 3,668,550</u>	<u>\$ 2,488,545</u>	<u>\$ 1,180,005</u>

See independent auditor's report.

KUAC TV9 FM89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2023

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 918,442	\$ -	\$ 918,442
Other	177,629	-	177,629
State appropriations and University funding	244,088	-	244,088
Contributions	1,221,595	-	1,221,595
Other operating revenues	9,150	-	9,150
Underwriting revenue	295,878	-	295,878
Facilities and administrative support from University of Alaska	736,852	736,852	-
In-kind contributions, services and other	40,546	40,546	-
	<u>3,644,180</u>	<u>777,398</u>	<u>2,866,782</u>
Total operating revenues			
Operating expenses			
Program services			
Local programming and production	1,268,913	261,746	1,007,167
Broadcasting	994,135	207,036	787,099
Program information	176,125	40,664	135,461
Supporting services			
Management and general	579,418	126,370	453,048
Fundraising	594,129	141,582	452,547
Depreciation	183,421	-	183,421
	<u>3,796,141</u>	<u>777,398</u>	<u>3,018,743</u>
Total operating expenses			
Operating profit	<u>(151,961)</u>	<u>-</u>	<u>(151,961)</u>
Non-operating revenues (expenses)			
Investment income	45,006	-	45,006
COVID funding - CARES grant passthrough	-	-	-
Funding for equipment acquisition	-	-	-
	<u>45,006</u>	<u>-</u>	<u>45,006</u>
Total non-operating revenues (expenses)			
Change in net position before other revenues, expenses, gains or losses	(106,955)	-	(106,955)
Change in net pension and OPEB	<u>527,000</u>	<u>-</u>	<u>527,000</u>
Change in net position	420,045	-	420,045
Net position			
Beginning of year	<u>3,668,550</u>	<u>-</u>	<u>3,668,550</u>
End of year	<u>\$ 4,088,595</u>	<u>\$ -</u>	<u>\$ 4,088,595</u>

See independent auditor's report.

KUAC TV9 FM89.9
(A public telecommunications entity
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2022

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 929,527	\$ -	\$ 929,527
Other	190,017	-	190,017
State appropriations and University funding	200,000	-	200,000
Contributions	1,338,384	-	1,338,384
Other operating revenues	37,001	-	37,001
Underwriting revenue	302,761	-	302,761
Facilities and administrative support from University of Alaska	795,523	795,523	-
In-kind contributions, services and other	22,375	22,375	-
	<u>3,815,588</u>	<u>817,898</u>	<u>2,997,690</u>
Operating expenses			
Program services			
Local programming and production	1,292,205	284,417	1,007,788
Broadcasting	965,394	221,683	743,711
Program information	205,258	55,267	149,991
Supporting services			
Management and general	659,008	145,048	513,960
Fundraising	514,850	111,483	403,367
Depreciation	225,065	-	225,065
	<u>3,861,780</u>	<u>817,898</u>	<u>3,043,882</u>
Total operating expenses			
	<u>(46,192)</u>	<u>-</u>	<u>(46,192)</u>
Non-operating revenues (expenses)			
COVID funding - CARES grant passthrough	50,000	-	50,000
Funding for equipment acquisition	126,229	-	126,229
	<u>176,229</u>	<u>-</u>	<u>176,229</u>
Total non-operating revenues (expenses)			
	<u>130,037</u>	<u>-</u>	<u>130,037</u>
Change in net position before other revenues, expenses, gains or losses			
	<u>130,037</u>	<u>-</u>	<u>130,037</u>
Change in net pension and OPEB	(219,500)	-	(219,500)
	<u>(89,463)</u>	<u>-</u>	<u>(89,463)</u>
Change in net position			
	<u>(89,463)</u>	<u>-</u>	<u>(89,463)</u>
Net position			
Beginning of year	<u>3,758,013</u>	<u>-</u>	<u>3,758,013</u>
End of year	<u>\$ 3,668,550</u>	<u>\$ -</u>	<u>\$ 3,668,550</u>

See independent auditor's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Proportionate Share of the Net Pension Liability
PERS-DB Plan

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KUAC's proportion of net pension liability	0.0471%	0.0510%	0.0315%	0.0302%	0.0341%	0.0317%	0.0376%	0.0366%	0.0293%
KUAC's proportionate share of net pension liability	\$2,399,000	\$1,870,000	\$1,858,000	\$1,651,000	\$1,693,000	\$1,639,000	\$2,103,000	\$1,758,000	\$1,347,000
State's proportionate share of the net pension liability associated with KUAC	<u>664,000</u>	<u>253,000</u>	<u>769,000</u>	<u>655,000</u>	<u>490,000</u>	<u>611,000</u>	<u>265,000</u>	<u>475,000</u>	<u>967,000</u>
Total	<u>\$3,063,000</u>	<u>\$2,123,000</u>	<u>\$2,627,000</u>	<u>\$2,306,000</u>	<u>\$2,183,000</u>	<u>\$2,250,000</u>	<u>\$2,368,000</u>	<u>\$2,233,000</u>	<u>\$2,314,000</u>
KUAC's covered employee payroll	658,113	647,686	571,528	601,547	695,375	699,250	745,924	793,483	837,643
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	364.5%	288.8%	325.2%	274.5%	243.5%	234.4%	282.0%	221.6%	160.8%
Plan fiduciary net position as a percentage of the total pension liability	68.0%	76.5%	61.6%	63.0%	65.0%	63.4%	59.6%	64.0%	62.4%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014.

See independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
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Schedule of KUAC's Proportionate Share of the Net OPEB Liability
PERS-DB OPEB Plan

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KUAC's proportion of net OPEB liability	0.0471%	0.0512%	0.0315%	0.0302%	0.0341%	0.0317%
KUAC's proportionate share of net OPEB liability (asset)	\$ (920,000)	\$(1,313,000)	\$ (142,000)	\$ 45,000	\$ 349,000	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC	<u>(263,000)</u>	<u>(172,000)</u>	<u>(59,000)</u>	<u>18,000</u>	<u>101,000</u>	<u>100,000</u>
Total	<u><u>\$(1,183,000)</u></u>	<u><u>\$(1,485,000)</u></u>	<u><u>\$ (201,000)</u></u>	<u><u>\$ 63,000</u></u>	<u><u>\$ 450,000</u></u>	<u><u>\$ 368,000</u></u>
KUAC's covered employee payroll	658,113	649,686	571,528	601,547	695,375	699,250
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	7.5%	50.2%	38.3%
Plan fiduciary net position as a percentage of the total pension liability	128.5%	135.5%	106.2%	98.1%	88.1%	89.7%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2022, 2021, 2020, 2019, 2018 and 2017

See independent auditor's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Contribution to PERS-DB Pension Plan

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 145,000	\$ 101,000	\$ 83,000	\$ 104,000	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contributions in relation to the statutorily required contribution	\$ 145,000	\$ 101,000	\$ 83,000	\$ 104,000	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 658,113	\$ 647,686	\$ 571,528	\$ 601,547	\$ 695,375	\$ 699,250	\$ 745,924	\$ 793,483	\$ 837,643
Contribution as a percentage of covered KUAC payroll	22.0%	15.6%	14.5%	17.3%	16.5%	19.9%	17.9%	13.3%	12.5%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014.

See independent auditor's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Contribution
PERS-DB OPEB Plan

Last 10 Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ -	\$ 42,000	\$ 42,000	\$ 38,000	\$ 37,000	\$ 39,000
Contributions in relation to the statutorily required contribution	\$ -	\$ 42,000	\$ 42,000	\$ 38,000	\$ 37,000	\$ 39,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 658,113	\$ 647,686	\$ 571,528	\$ 601,547	\$ 695,375	\$ 699,250
Contribution as a percentage of covered-KUAC payroll	0.0%	6.5%	7.3%	6.3%	5.3%	5.6%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2022, 2021, 2020, 2019, 2018 and 2017

See independent auditor's report.