

KUEN
(A Public Telecommunications Department of the University of Utah)

Financial Statements

June 30, 2023

(With Independent Auditors' Report Thereon)

KUEN
(A Public Telecommunications Department of the University of Utah)

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INDEPENDENT AUDITORS' REPORT

KUEN
The University of Utah Board of Trustees
and Taylor R. Randall, President
Salt Lake City, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KUEN (the “Station”) (a public telecommunications department of the University of Utah), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Emphasis of Matter

As described in Note 1, the Station implemented Governmental Accounting Standards Board (GASB) Statement 96 Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the proportionate share of the net pension liability and employer contributions on pages 6–10 and 28-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KUEN's financial statements. The supplementary schedules on pages 31 through 34 are presented for purposes of additional analysis and are not a required part of the financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Station's 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated January 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

The financial statements of the Station are intended to present the financial position, the changes in financial position, and cash flows of only the Station. They do not purport to, and do not, present the financial position of the University of Utah as of June 30, 2023, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024 on our consideration of the Station'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 the Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
February 9, 2024

KUEN

(A Public Telecommunications Department of the University of Utah)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of KUEN (the Station) as of and for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the combined financial statements and the notes thereto.

KUEN consists of two programs: KUEN-TV and the Utah Telehealth Network (UTN).

The Utah Telehealth Network links patients to health care providers across the state, country and the world by using telecommunications technology. UTN provides rural patients and providers with access to services that are usually available only in more populated urban areas. UTN uses interactive video to deliver patient care, provide continuing education to health professionals, and to facilitate administrative meetings.

KUEN-TV is a broadband and broadcast network of educational services for educators and students. KUEN-TV connects all Utah school districts, schools and higher education institutions to a robust network of educational resources.

KUEN-TV is licensed to the Utah State Board of Regents, is not a member of the Public Broadcasting Service (PBS), and is the only public television station in Utah with a 24-hour weekly program schedule dedicated to education and lifelong learning. Advertising and promotional materials refer to the Station as UEN-TV. Although KUEN-TV is not a member of PBS, KUEN-TV qualifies for funding under the community service grant administered by the Corporation for Public Broadcasting (CPB). Working in cooperation with the Utah State Office of Education and Utah's System of Higher Education, KUEN-TV broadcasts college-credit telecourses, instructional programs for children and adults, and teacher professional development courses. KUEN-TV's viewing audiences include Kindergarten through 12th grade students and teachers, college students, adult students enrolled in public education programs, senior citizens, and the general public.

In conjunction with the Utah Education Network (UEN – a publicly funded consortium supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies), the Station provides internet access for all Utah public middle schools, high schools, and higher education institutions. The Station also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. In March 2014, the Utah State Legislature merged the Utah Telehealth Network (UTN) with UEN as specified in HB 92 of the Utah Legislature to form the Utah Education and Telehealth Network (UETN). The goal of the legislation is to strengthen the services of both organizations for the people of Utah while strengthening and achieving greater infrastructure, organizational, service and cost efficiencies. UETN is led by a governing board with 13 members and two advisory councils representing education and telehealth. Although legislation was passed during fiscal year 2014, the operations of the new combined entity did not begin until after June 30, 2014. This year is the ninth year combined financial statements are presented.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

FINANCIAL HIGHLIGHTS

The Station's financial position remained favorable at June 30, 2023, with assets of \$69.8 million, deferred outflows of \$0.5 million, and total liabilities of \$4.9 million. Net position, which represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources decreased by \$4.4 million to \$65 million at June 30, 2023.

Changes in net position represent the total activity of the Station, which results from all revenues, expenses, gains, and losses, and are summarized for the years ended June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Total revenues	\$ 38,427,009	\$ 38,918,678
Total expenses	<u>42,863,657</u>	<u>45,629,565</u>
Increase in net position	<u>\$ (4,436,648)</u>	<u>\$ (6,710,887)</u>

USING THE FINANCIAL STATEMENTS

The Station's financial report is prepared on the accrual basis of accounting and conforms to *Application of Principles of Accounting and Financial Reporting to Public Telecommunication Entities*, published by the CPB, which conforms to U.S. generally accepted accounting principles and includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Station at the end of the fiscal year and includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is net position and is one indicator of the current financial condition of the Station, while the change in net position is an indicator of whether the Station's overall financial condition has improved or worsened during the year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

A summarized comparison of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Current assets		
Current assets, unrestricted	\$ 59,767,896	\$ 63,927,952
Current assets, restricted	64,538	39,209
Noncurrent assets		
Investments in joint venture	898,891	949,757
SBITA	1,613,095	
Net pension asset	-	1,011,215
Capital assets, net	<u>7,445,594</u>	<u>9,898,897</u>
Total assets	69,790,014	75,827,030
Deferred outflows of resources	554,477	15,341
Current liabilities	(3,282,802)	(4,902,243)
Noncurrent liabilities	<u>(1,679,970)</u>	-
Total liabilities	(4,962,772)	(4,902,243)
Deferred inflows of resources	-	(1,121,761)
Net investment in capital assets	7,445,594	9,898,897
Restricted - expendable	64,538	39,209
Unrestricted	<u>57,871,587</u>	<u>59,880,261</u>
Total net position	<u>\$ 65,381,719</u>	<u>\$ 69,818,367</u>

A review of the Station's Statements of Net Position at June 30, 2023 and 2022 shows that the Station still maintains its favorable financial foundation. This financial position reflects the prudent utilization of its financial resources.

Current assets consist of cash, receivables, and prepaid expenses. Total current assets decreased by \$4.1 million in fiscal year 2023. This resulted from an \$8.3 million decrease in prepaid expenses, receivables decreased by \$1.5 million and cash increased by \$5.7 million. The decrease in prepaid expenses is due to the absence of payments made for software and equipment maintenance for COVID-19 related expenses using CARES Act funding received from the State of Utah in the previous year. Noncurrent assets decreased by \$1.9 million in fiscal year 2023. The decrease is primarily due to the decrease of \$1.0 million net pension, \$2.5 million decrease in capital assets, and an increase of Right-of-use SBITA asset of \$1.6 million. Deferred outflows related to pensions increased by \$5.0 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

Current liabilities consist of accounts payable and accrued personnel services. Total current liabilities decreased by \$1.6 million in fiscal year 2023. The decrease was due to a decrease in accounts payable of \$1.8 million and an increase in accrued personnel expenses of \$0.2 million. The decrease in accounts payable is due to the timing of invoices being paid. Noncurrent liabilities consist of SBITA liability and net pension liability. Noncurrent liabilities increased by \$1.7 million in fiscal year 2023. The increase was due to an increase in SBITA liability of \$1.5 million from implementing GASB 96 and an increase in net pension liability of \$0.2 million. Deferred inflows related to pensions decreased by \$1.1 million.

NET POSITION

Net position represents the residual interest of the Station's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. *Net investment in capital assets* represents the Station's capital assets, net of accumulated depreciation. *Restricted expendable component of net position* is subject to externally imposed restrictions governing its use. Although *unrestricted component of net position* is not subject to externally imposed stipulations, most of the Station's unrestricted components of net position have been designated for various programming, outreach, and broadcasting projects.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the Station's operations. A summarized comparison of the Station's revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 9,389	\$ 7,965
Operating expenses		
Program services	(39,276,709)	(42,239,404)
Support services	(3,586,948)	(3,390,161)
Nonoperating revenues	<u>38,417,620</u>	<u>38,910,713</u>
Increase (decrease) in net position	(4,436,648)	(6,710,887)
Net position – beginning of year	<u>69,818,367</u>	<u>76,529,254</u>
Net position – end of year	<u>\$ 65,381,719</u>	<u>\$ 69,818,367</u>

In fiscal year 2023, operating expenses decreased by \$2.7 million. The decrease in operating expenses is mainly due to the work associated with the one-time funds that occurred in the previous year.

In fiscal year 2023, non-operating revenue decreased by \$0.5 million. The decrease in non-operating revenue is comprised of: a decrease in State Appropriations of \$1.8 million and a decrease of member fees of \$0.2 million. These changes were offset by an increase in CPB support funding of \$1.4 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the Station's financial activity by reporting the major sources and uses of cash.

The Station's cash balance at year-end increased by \$5.7 million.

The Station's significant sources of cash provided from noncapital financing activities include state appropriations, federal grants, CPB grants, member fees and private gifts.

CURRENT FACTORS HAVING PROBABLE FUTURE FINANCIAL SIGNIFICANCE

Utah's economy is currently strong, but the Station remains vigilant for signs of another downturn. Funding from the State of Utah is also expected to remain level or increase modestly in fiscal year 2024. The Station's management searches for new sources of funding due to the continuing threats to reduce or eliminate federal funding for public broadcasting stations.

State funding from the State of Utah is stable, but the Station still plans to continue to obtain grant funding from federal government programs, county governments, and local sources to assist with the conversion and expansion of the analog translator network to digital technology. The Station is also participating in a federal discount program for telecommunication costs incurred by public schools (K-12). This discount program helps to offset the additional telecommunication expenses.

The Station will continue to be prudent in its long-term planning. While it is not possible to predict the ultimate results, management will be aggressive in meeting these economic uncertainties to maintain its favorable financial position.

KUEN**(A Public Telecommunications Department of the University of Utah)****STATEMENT OF NET POSITION**

June 30, 2023

	2023	[For Comparison Only] 2022
ASSETS		
Current assets		
Cash	\$ 32,930,447	\$ 27,222,803
Restricted cash	64,538	39,209
Receivables (Note 2)	7,885,228	9,448,634
Prepaid expenses	18,952,221	27,256,515
Total current assets	59,832,434	63,967,161
Noncurrent assets		
Investments in joint venture (Note 4)	898,891	949,757
Right-of-use SBITA asset	1,613,095	-
Net pension asset	-	1,011,215
Capital assets, net (Note 3)	7,445,594	9,898,897
Total noncurrent assets	9,957,580	11,859,869
Total assets	69,790,014	75,827,030
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	554,477	15,341
LIABILITIES		
Current liabilities		
Accounts payable	943,748	2,754,369
Accrued personnel services	2,339,054	2,147,874
Total current liabilities	3,282,802	4,902,243
Noncurrent liabilities		
SBITA liability	1,452,575	-
Net pension liability	227,395	-
Total liabilities	4,962,772	4,902,243
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	-	1,121,761
NET POSITION		
Net investment in capital assets	7,445,594	9,898,897
Restricted – expendable	64,538	39,209
Unrestricted	57,871,587	59,880,261
Total net position	\$ 65,381,719	\$ 69,818,367

See accompanying notes to financial statements.

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(A Public Telecommunications Department of the University of Utah)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2023

	<u>2023</u>	<u>[For Comparison Only] 2022</u>
OPERATING REVENUES		
Commercial	\$ 9,389	\$ 7,965
Total operating revenues	9,389	7,965
OPERATING EXPENSES		
Broadcasting	4,715,238	4,065,444
Education service and training	2,560,744	1,145,791
Installation and transport	28,719,931	33,118,104
Programming and production	2,864,236	3,535,025
Program information	416,560	375,040
Management and general	3,586,948	3,390,161
Total operating expenses	42,863,657	45,629,565
Operating loss	(42,854,268)	(45,621,600)
NONOPERATING REVENUES		
State of Utah appropriations	33,252,800	35,035,300
Corporation for Public Broadcasting grants	3,837,130	2,433,733
In-kind support from USAC	89,624	-
Other grants	559,195	564,709
Support from KUED-TV	39,030	39,030
Member fees	639,841	798,341
Other	-	39,600
Total nonoperating revenue	38,417,620	38,910,713
Increase (decrease) in net position	(4,436,648)	(6,710,887)
NET POSITION		
Net position - beginning of year	69,818,367	76,529,254
Net position - end of year	<u>\$ 65,381,719</u>	<u>\$ 69,818,367</u>

See accompanying notes to financial statements.

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STATEMENT OF CASH FLOWS

Year ended June 30, 2023

	<u>2023</u>	<u>[For Comparison Only] 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales and services	\$ 9,389	\$ 7,965
Cash payments for salaries, wages, and benefits	(17,839,819)	(16,584,891)
Cash payments for other operating expenses	(14,407,368)	(11,408,660)
Net cash used by operating activities	(32,237,798)	(27,985,586)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from State of Utah appropriations	33,252,800	35,035,300
Cash received from Corporation for Public Broadcasting	3,837,130	2,433,733
Cash received from other grants	559,195	564,709
Cash received from KUED-TV	39,030	39,030
Cash received from member fees	639,841	798,341
Cash received from other income	—	39,600
Net cash provided by noncapital financing activities	38,327,996	38,910,713
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(246,185)	(2,940,294)
Net cash used by capital financing activities	(246,185)	(2,940,294)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint venture	(111,040)	(85,032)
Net cash used by investing activities	(111,040)	(85,032)
Net increase in cash	5,732,973	7,899,801
Cash, beginning of year	27,262,012	19,362,211
Cash, end of year	<u>\$ 32,994,985</u>	<u>\$ 27,262,012</u>

See accompanying notes to financial statements.

KUEN

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STATEMENT OF CASH FLOWS

Year ended June 30, 2023

	<u>2023</u>	<u>[For Comparison Only] 2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (42,854,268)	\$ (45,621,600)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	2,671,815	2,918,736
Loss from disposal of capital assets	27,673	152,117
Loss in joint venture	161,906	138,131
In-kind support from USAC	89,624	-
Indirect support from University of Utah	-	-
SBITDA benefit	(160,520)	
Net inflows (outflows) of resources relating to pensions	(422,287)	178,580
Change in assets and liabilities:		
Prepaid expenses	8,304,294	7,631,746
Receivables related to operating activities	1,563,406	4,525,060
Accounts payable and accrued personnel services	(1,619,441)	2,091,644
Net cash used by operating activities	<u>\$ (32,237,798)</u>	<u>\$ (27,985,586)</u>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to *Application of Principles of Accounting and Financial Reporting to Public Telecommunications Entities* published by the Corporation for Public Broadcasting (CPB), which conform to U.S. generally accepted accounting principles.

(a) Organization

KUEN (the Station) consists of two programs: KUEN-TV and the Utah Telehealth Network (UTN).

The Utah Telehealth Network links patients to health care providers across the state, country and the world by using telecommunications technology. UTN provides rural patients and providers with access to services that are usually available only in more populated urban areas. UTN uses interactive video to deliver patient care, provide continuing education to health professionals, and to facilitate administrative meetings.

KUEN-TV is a broadband and broadcast network of educational services for educators and students. KUEN-TV connects all Utah school districts, schools, and higher education institutions to a robust network of educational resources.

KUEN-TV is operated by the University of Utah (the University), Salt Lake City, Utah. There are common management and facilities between the Station and an affiliated television station, KUED-TV, and an affiliated radio station, KUER-FM Radio. Certain Station personnel share their time among the Station, KUED-TV, and KUER-FM Radio.

(b) Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Station follows Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

For the year ended June 30, 2023, the Station adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). GASB 96 improves financial reporting by defining SBITAs and providing uniform guidance for their accounting and reporting. A SBITA includes an exchange or exchange-like transaction for the control of another party's IT software, with or without tangible capital assets. The statement requires recognizing a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The subscription liability is initially measured at the present value of the payments expected to be made during the subscription term. The right-to-use asset is initially measured as the sum of the initial measurement of the subscription liability, pre-commencement payments to the SBITA vendor, and capitalizable implementation costs. This calculation is adjusted for any vendor incentives received before the start of the subscription term. The subscription asset is then amortized on a straight-line basis over the subscription term.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

(c) *Basis of Accounting*

All statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the service efforts of the Station. Additionally, donations in-kind that are deemed to support the service efforts of the Station, as defined by its mission, goals, and objectives, are recorded as operating expenses. Such donations in-kind are also reflected as a part of nonoperating revenues as they are considered nonexchange transactions as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The accounting for nonoperating revenues of the Station recorded in the accompanying Statement of Revenues, Expenses, and Changes in Net Position is as follows:

- **State of Utah appropriations** – State of Utah appropriations represent direct support from the State of Utah as appropriated by the Utah State Legislature. These funds support Station personnel, programming and production, broadcasting, program information, installation and transport, and educational service and training. These revenues are recognized upon being legally effective, which is the first day of the State of Utah’s fiscal year, July 1.
- **Corporation for Public Broadcasting** – Corporation for Public Broadcasting represents funds received from the CPB to support the operations of the Station, including personnel, programming and production, broadcasting, program information, educational services and training, and purchase of capital assets. These revenues are recognized at the time the Station has met the eligibility requirements as defined by the grant.
- **Federal grants** – Federal grants represent funds received from federal agencies to assist in the purchase of capital assets and to support programming and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.
- **Nongovernmental grants** – Nongovernmental grants represent funds received from agencies to assist in content, training, and operating activities. These revenues are recognized in other grants at the time the Station has met the eligibility requirements as defined by the grant.

(d) *Cash and Restricted Cash*

Cash is pooled for the University as a whole. Amounts reported as cash in the Station’s financial statements reflect the Station’s proportionate ownership in that pool. Therefore, the Station does not have separate accounts in financial institutions. Thus, disclosures of risk related to deposits apply at the University level. See the financial statements of the University of Utah for those disclosures. Amounts reported as restricted cash reflect funds from a grant to pay for satellite interconnection fees for programming.

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(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

(e) *Capital Assets*

Capital assets are recorded at cost or, in the case of donated equipment, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method using the following estimated useful lives:

Building	40 years
Transmitter	15 years
Broadcast equipment	5 to 10 years

Expenditures for repairs and maintenance are charged to expense as incurred.

(f) *Deferred Inflows/Outflows of Resources*

A deferred inflow of resources is an acquisition of net assets by the Station that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the Station that is applicable to a future reporting period. Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

(g) *Income Taxes*

The University, as a political subdivision of the State of Utah, has a dual status for federal income tax purposes. The University is both an Internal Revenue Code (IRC) Section 115 organization and an IRC Section 501(c)(3) charitable organization. This status exempts the University from paying federal income tax on revenue generated by activities that are directly related to the University's mission. This exemption does not apply to unrelated business activities. On these activities, the University is required to report and pay federal and state income tax. The Station, as a separate department of the University, shares in these same tax exemptions.

(h) *Use of Estimates*

Management of the Station has made estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(i) *Restricted Resources*

When the Station has both restricted and unrestricted resources available to finance a particular program, it is the Station's practice to use restricted resources before unrestricted resources.

(j) *Subsequent Events*

Management of the Station has evaluated subsequent events through February 9, 2024, which is also the date of the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(2) Receivables

Receivables at June 30 consist of the following:

		(For Comparison Only)
	2023	2022
Telecommunication providers receivables	\$ 7,712,749	\$ 9,069,825
Miscellaneous governmental entities	172,479	378,809
Total	<u>\$ 7,885,228</u>	<u>\$ 9,448,634</u>

Telecommunication providers receivables represent reimbursements to be received by the Station for providing telecommunication lines for internet access to public schools throughout the State of Utah as provided for under the Telecommunications Act of 1996.

(3) Capital Assets

Capital assets at June 30, 2023 consist of the following:

	Beginning balance	Additions	Retirements	Ending balance
Transmitter	\$ 232,924	\$ -	\$ -	\$ 232,924
Intangible assets	215,743	-	-	215,743
UTN	1,613,937	-	402,515	1,211,422
Broadcast equipment	23,095,771	246,185	695,177	22,646,779
IRU's	1,170,282	-	-	1,170,282
Building	8,820,887	-	-	8,820,887
Total	<u>35,149,544</u>	<u>246,185</u>	<u>1,097,692</u>	<u>34,298,037</u>
Less accumulated depreciation				
Transmitter	232,924	-	-	232,924
Intangible assets	215,743	-	-	215,743
UTN	1,575,968	7,535	376,612	1,206,891
Broadcast equipment	16,357,943	2,313,248	693,407	17,977,784
IRU's	145,241	58,514	-	203,755
Building	6,722,828	292,518	-	7,015,346
Total accumulated depreciation	<u>25,250,647</u>	<u>2,671,815</u>	<u>1,070,019</u>	<u>26,852,443</u>
Capital assets, net	<u>\$ 9,898,897</u>	<u>\$ (2,425,630)</u>	<u>\$ 27,673</u>	<u>\$ 7,445,594</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(3) Capital Assets (Continued)

Depreciation expense was \$2,671,815 for the year ended June 30, 2023, of which \$76,102 was included in programming and production expense, \$67,887 was included in management and general expense, \$9,068 was included in program information expense, \$576,802 was included in broadcasting expense, \$1,865,854 was included in installation expense, and \$76,102 was included in education expense.

The Stations purchased Indefeasible Rights of Use (IRU) for certain dark optical fibers to expand and better connect its optical network. These IRUs grant the Station the right to exclusively use these fibers for up to twenty years.

(4) Investment in Joint Venture

The Station has an investment in DTV Utah, LC, a joint venture with seven other Wasatch Front stations. The Station has a 13% interest in DTV Utah, LC at June 30, 2023. DTV Utah, LC was formed to design, construct, and operate a facility to transmit high-definition television signals of the participating members as mandated by the Federal Communications Commission. The facility was completed during fiscal year 2000. The Station's ongoing financial responsibility is to fund its share of operating and maintenance costs. The loss in the joint venture of \$161,906, which is included in broadcasting expenses in the Statement of Revenues, Expenses, and Changes in Net Position, represents the Station's equity interest in the net loss of DTV Utah, LC for the year ended June 30, 2023. The net loss is comprised mainly of depreciation and other operating expenses. Financial statements for the joint venture are the responsibility of and are available from KSL-TV, one of the joint venture participants.

(5) Commitments

The Station contracts for certain long-term internet-based services. At June 30, 2023, future commitments under these service contracts consist of the following:

2024	\$	14,863,170
2025		10,344,807
2026		7,905,284
2027		4,373,053
2028		2,044,509
2029 to 2033		1,095,750
	\$	<u>40,626,573</u>

All telecommunication contracts have a non-appropriation clause. The non-appropriation clause expresses that if the Station is not appropriated funds or appropriated insufficient funds to pay the charges for the telecommunication services, the Station may terminate the agreement.

The Station entered into a lease agreement during fiscal year 2013 for land in Washington County, Utah, on which a second station is located. Rent for the year ended June 30, 2023 totaled \$6,404. The rental payments under the lease will be approximately \$6,596 in fiscal year 2024 and will increase by 3% each calendar year. The lease expires in July 2027 and has three optional renewals at five years each.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits

As required by State law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the Station are covered by defined benefit plans sponsored by the Utah Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by defined contribution plans, such as the Teachers Insurance and Annuity Association (TIAA) or Fidelity Investments (Fidelity).

Defined Benefit Plans

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) which are cost-sharing, multiple-employer public employee retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) which is a cost-sharing multiple-employer public employee retirement system.

The Tier 2 Public Employee System became effective July 1, 2011. All eligible employees who have no previous service credit with any of the Utah Retirement Systems prior to that date, are members of the Tier 2 Retirement Systems.

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code Annotated, 1953*, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website www.urs.org.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits (Continued)

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System:

System	Final Average	Years of Service required	Benefit percent per year of	COLA **
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
		35 years any age		
Tier 2 Public Employees System	Highest 5 years	20 years age 60*	1.5% per year all years	Up to 2.5%
		10 years age 62*		
		4 years age 65		
		35 years any age		
		20 years age 60*		

* With actuarial reductions

** All post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Paid by Employer for Employee	Employer Contribution Rates
Contributory System		
Higher Education Division Tier 1	6%	17.70%
Higher Education Division Tier 2*	N/A	19.84%
Noncontributory System		
State and School Division Tier 1	N/A	22.19%

* Tier 2 rates include a statutory required contribution to finance the unfunded actuarial liability of the Tier 1 plans.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits (Continued)

At June 30, 2023, the Station's net pension asset and liability were as follows:

	Proportionate Share December 31, 2022	Proportionate Share December 31, 2021	Change (Decrease)	Net Pension Asset	Net Pension Liability
Noncontributory System	0.6222295%	0.5147161%	0.1075134%	\$ -	\$ 73,189
Contributory System	0.9508060%	0.7762884%	0.1745176%	-	59,031
Tier 2 Public Employees System	0.0130082%	0.0124077%	0.0006005%	-	95,175
Total Net Pension Asset/Liability				\$ -	\$ 227,395

* Represents the proportionate share of the University of Utah's assets and liabilities. Refer to the University's fiscal year 2021 audited financial statements for the University's share of assets and liabilities in the Systems.

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, pension benefit of \$422,287 was recorded. At June 30, 2023, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,184	\$ -
Changes in assumptions	8,071	-
Net difference between projected and actual earnings on pension plan investments	253,749	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,878	-
Contributions subsequent to the measurement date	197,595	-
Total	\$ 554,477	\$ -

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(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits (Continued)

Contributions made between January 1, 2023 and June 30, 2023 of \$197,595 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (172,722)
2024	(52,201)
2025	122,237
2026	454,784
2027	995
Thereafter	3,789

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

There were no changes made in actuarial assumptions from the prior year's valuation.

The actuarial assumptions used in the January 1, 2022 valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits (Continued)

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and equivalents	0%	-0.11%	0.00%
Totals	100%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, plus a real return of 4.35% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

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(A Public Telecommunications Department of the University of Utah)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(6) Pension Plans and Retirement Benefits (Continued)

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as, what the proportionate share of the net pension liability would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 1,657,775	\$ 73,189	\$ (1,408,889)
Contributory System	122,531	59,031	(121,864)
Tier 2 Public Employees System	61,891	95,175	(22,603)
Net pension liability	<u>\$ 1,842,197</u>	<u>\$ 227,395</u>	<u>\$ (1,553,356)</u>

Defined Contribution Plans

TIAA and Fidelity provide individual retirement fund contracts with each participating employee. Employees may allocate contributions by the Station to any or all of the providers and the contributions to the employee's contract(s) become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2023, the Station's contribution to these defined contribution pension plans was 14.20% of the employees' annual salaries. The Station has no further liability once contributions are made.

For the years ended June 30, 2023 and 2022, the Station's contributions to the Systems and TIAA and Fidelity were equal to the required amounts as follows: \$1,856,787 and \$1,726,472, respectively.

(7) Risk Management

The Station participates in the University's insurance coverage program for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah Division of Risk Management Fund. Employees of the Station and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund.

In addition, the Station participates in the University-maintained self-insurance funds for health care, dental, and auto/physical damage, which are held in a trust with an independent financial institution in compliance with Medicare reimbursement regulations. The Station's participation in these programs is funded through indirect support provided by the University.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(8) Subscription-Based Information Technology Arrangements

The Station has entered into subscription-based information technology arrangements (SBITAs) with third-party vendors to address various respective operational needs. As of June 30, 2023, the total amount of right-to-use assets was \$2,999,283, with accumulated amortization of \$1,386,188. Future minimum subscription payments under SBITAs as of June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,452,575	\$ 3,860	\$ 1,456,435

REQUIRED SUPPLEMENTARY INFORMATION

KUEN

(A Public Telecommunications Department of the University of Utah)

Schedule of the Proportionate Share of the Net Pension Liability

KUEN Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2
Public Employee Systems of the Utah Retirement Systems
For the years ended December 31

Noncontributory System	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability (asset) **	0.6222295%	0.5147161%	0.4089361%	0.3986328%	0.0282934%	0.0332244%	0.0314170%	0.0282686%	0.0318567%
Proportionate share of net pension liability (asset)	\$ 73,189	\$ 859,150	\$ 323,787	\$ 260,237	\$ 768,638	\$ 534,654	\$ 811,923	\$ 845,257	\$ 595,562
Covered employee payroll	\$ (85,104)	\$ (704,683)	\$ 672,455	\$ 462,890	\$ 559,416	\$ 569,144	\$ 637,452	\$ 663,988	\$ 601,578
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-86.00%	-121.92%	48.15%	56.22%	137.40%	93.94%	127.37%	127.30%	99.00%
Plan fiduciary net position as a percentage of total pension liability	100.1%	111.8%	104.7%	94.2%	84.1%	89.2%	84.9%	84.5%	87.2%
Contributory System	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability (asset) **	0.9508060%	0.7762884%	0.6038545%	0.5633235%	0.1454714%	0.1513109%	0.1368579%	0.1112653%	0.1169214%
Proportionate share of net pension liability (asset)	\$ 59,031	\$ 148,498	\$ 102,978	\$ 17,676	\$ 75,417	\$ 40,243	\$ 61,112	\$ 63,622	\$ 9,539
Covered employee payroll	\$ (205,468)	\$ (19,108)	\$ (21,554)	\$ (16,292)	\$ 20,615	\$ 139,152	\$ 29,897	\$ 32,162	\$ 31,379
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-28.73%	-777.16%	-477.77%	-108.50%	365.84%	28.92%	204.41%	197.82%	30.40%
Plan fiduciary net position as a percentage of total pension liability	100.6%	117.6%	113.1%	103.6%	91.4%	99.2%	93.4%	92.4%	98.7%
Tier 2 Public Employees	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability (asset) **	0.0124077%	0.0124077%	0.0119057%	0.0138610%	0.0163056%	0.0239310%	0.0306259%	0.0370897%	0.0423172%
Proportionate share of net pension liability (asset)	\$ 95,175	\$ 3,566	\$ (1,375)	\$ (15,481)	\$ (443)	\$ (443)	\$ (445)	\$ (555)	\$ (1,316)
Covered employee payroll	\$ 1,907,312	\$ (156,404)	\$ 389,222	\$ -	\$ (12,104)	\$ (49,222)	\$ (32,721)	\$ 1,850,000	\$ 219,268
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	4.99%	-2.28%	0.90%	0.00%	3.66%	0.90%	1.36%	-0.03%	(0.6%)
Plan fiduciary net position as a percentage of total pension liability	92.3%	103.8%	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%	103.5%

** Represents the proportionate share of the University of Utah's assets and liabilities. Refer to the University's fiscal year 2023 audited financial statements for the University's share of assets and liabilities in the Systems.

KUEN
(A Public Telecommunications Department of the University of Utah)
Schedule of Employer Contributions

For the years ended June 30

Noncontributory System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 281,796	\$ 226,128	\$ 178,775	\$ 179,674	\$ 166,029	\$ 187,461	\$ 172,541	\$ 151,481	\$ 156,659	\$ 151,431
Contributions in Relation to the Contractually Required Contribution	(281,796)	(226,128)	(178,775)	(179,674)	(166,029)	(187,461)	(172,541)	(151,481)	(156,659)	(151,431)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,300,634	\$ 1,039,557	\$ 820,875	\$ 820,246	\$ 757,005	\$ 854,217	\$ 785,981	\$ 687,223	\$ 708,780	\$ 742,149
Contributions as a Percentage of Covered Employee Payroll	21.7%	21.8%	21.8%	21.9%	21.9%	21.9%	22.0%	22.0%	22.1%	20.4%
Contributory System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014¹
Contractually Required Contribution	\$ 5,317	\$ 4,609	\$ 4,263	\$ 4,959	\$ 4,796	\$ 5,655	\$ 5,948	\$ 5,910	\$ 6,502	\$ 6,121
Contributions in Relation to the Contractually Required Contribution	(5,317)	(4,609)	(4,263)	(4,959)	(4,796)	(5,655)	(5,948)	(5,910)	(6,502)	(6,121)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 30,037	\$ 26,041	\$ 24,085	\$ 28,018	\$ 27,096	\$ 31,952	\$ 33,606	\$ 33,414	\$ 36,737	\$ 38,326
Contributions as a Percentage of Covered Employee Payroll	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	16.0%
Tier 2 Public Employees System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014¹
Contractually Required Contribution	\$ 59,845	\$ 44,524	\$ 35,207	\$ 35,360	\$ 34,037	\$ 40,816	\$ 40,761	\$ 43,983	\$ 39,056	\$ 26,281
Contributions in Relation to the Contractually Required Contribution	(59,845)	(44,524)	(35,207)	(35,360)	(34,037)	(40,816)	(40,761)	(43,983)	(39,056)	(26,281)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 301,669	\$ 229,707	\$ 184,326	\$ 186,688	\$ 180,713	\$ 221,557	\$ 223,715	\$ 241,195	\$ 214,020	\$ 156,949
Contributions as a Percentage of Covered-Employee Payroll ³	19.8%	19.4%	19.1%	18.9%	18.8%	18.4%	18.2%	18.2%	18.2%	16.7%

¹ Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

² The Tier 2 Public Employees System was created in 2011.

³ For employees participating in the Public Employees Tier 2 Systems, the University is required to contribute a percentage of the employees' salaries to the Systems. The Station makes the required contributions by paying approximately 10% in to the Tier 2 Systems while the remainder is contributed to the Tier 1 Contributory System, as required by law. The amounts reported here reflect the contributions to the Tier 2 systems rather than the total required.

SUPPLEMENTARY SCHEDULES

KUEN**(A Public Telecommunications Department of the University of Utah)****COMBINING SCHEDULE OF PROGRAMS – STATEMENT OF NET POSITION**

As of June 30, 2023

	<u>KUEN-TV</u>	<u>TeleHealth</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ 32,973,961	\$ (43,514)	\$ 32,930,447
Restricted cash	64,538	-	64,538
Receivables (Note 2)	7,842,898	42,330	7,885,228
Prepaid expenses	18,923,216	29,005	18,952,221
Total current assets	59,804,613	27,821	59,832,434
Noncurrent assets			
Investments in joint venture (Note 4)	898,891	-	898,891
Right-to-use SBITA asset	1,613,095	-	1,613,095
Net pension asset	-	-	-
Capital assets, net (Note 3)	7,441,064	4,530	7,445,594
Total noncurrent assets	9,953,050	4,530	9,957,580
Total assets	69,757,663	32,351	69,790,014
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	554,477	-	554,477
LIABILITIES			
Current liabilities			
Accounts payable	935,721	8,027	943,748
Accrued personnel services	2,133,614	205,440	2,339,054
Total current liabilities	3,069,335	213,467	3,282,802
Noncurrent liabilities			
SBITA liability	1,452,575	-	1,452,575
Net pension liability	227,395	-	227,395
Total liabilities	4,749,305	213,467	4,962,772
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	-	-
NET POSITION			
Net investment in capital assets	7,441,064	4,530	7,445,594
Restricted – expendable	64,538	-	64,538
Unrestricted	58,057,233	(185,646)	57,871,587
Total net position	\$ 65,562,835	\$ (181,116)	\$ 65,381,719

KUEN**(A Public Telecommunications Department of the University of Utah)****COMBINING SCHEDULE OF PROGRAMS – STATEMENT OF NET POSITION**

As of June 30, 2022

	<u>KUEN-TV</u>	<u>TeleHealth</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ 27,398,582	\$ (175,779)	\$ 27,222,803
Restricted cash	39,209	-	39,209
Receivables (Note 2)	9,310,762	137,872	9,448,634
Prepaid expenses	27,194,405	62,110	27,256,515
Total current assets	<u>63,942,958</u>	<u>24,203</u>	<u>63,967,161</u>
Noncurrent assets			
Investments in joint venture (Note 4)	949,757	-	949,757
Net pension asset	1,011,215	-	1,011,215
Capital assets, net (Note 3)	9,860,929	37,968	9,898,897
Total noncurrent assets	<u>11,821,901</u>	<u>37,968</u>	<u>11,859,869</u>
Total assets	<u>75,764,859</u>	<u>62,171</u>	<u>75,827,030</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	15,341	-	15,341
LIABILITIES			
Current liabilities			
Accounts payable	2,703,425	50,944	2,754,369
Accrued personnel services	1,957,179	190,695	2,147,874
Total current liabilities	<u>4,660,604</u>	<u>241,639</u>	<u>4,902,243</u>
Noncurrent liabilities			
Net pension liability	-	-	-
Total liabilities	<u>4,660,604</u>	<u>241,639</u>	<u>4,902,243</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,121,761	-	1,121,761
NET POSITION			
Net investment in capital assets	9,860,929	37,968	9,898,897
Restricted – expendable	39,209	-	39,209
Unrestricted	60,097,697	(217,436)	59,880,261
Total net position	<u>\$ 69,997,835</u>	<u>\$ (179,468)</u>	<u>\$ 69,818,367</u>

KUEN

(A Public Telecommunications Department of the University of Utah)

COMBINING SCHEDULE OF PROGRAMS – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2023

	<u>KUEN-TV</u>	<u>TeleHealth</u>	<u>Total</u>
OPERATING REVENUES			
Commercial	\$ 9,389		\$ 9,389
Total operating revenues	9,389		9,389
OPERATING EXPENSES			
Broadcasting	4,715,238		4,715,238
Education service and training	2,297,057	\$ 263,687	2,560,744
Installation and transport	27,640,695	1,079,236	28,719,931
Programming and production	2,864,236	-	2,864,236
Program information	416,560	-	416,560
Management and general	2,586,950	999,998	3,586,948
Total operating expenses	40,520,736	2,342,921	42,863,657
Operating loss	(40,511,347)	(2,342,921)	(42,854,268)
NONOPERATING REVENUES			
State of Utah appropriations	31,917,800	1,335,000	33,252,800
Corporation for Public Broadcasting grants	3,837,130	-	3,837,130
Other grants	192,763	366,432	559,195
Inkind support from USAC	89,624	-	89,624
Support from KUED-TV	39,030	-	39,030
Member fees	-	639,841	639,841
Total nonoperating revenue	36,076,347	2,341,273	38,417,620
Decrease in net position	(4,435,000)	(1,648)	(4,436,648)
NET POSITION			
Net position - beginning of year	69,997,835	(179,468)	69,818,367
Net position - end of year	\$ 65,562,835	\$ (181,116)	\$ 65,381,719

KUEN

(A Public Telecommunications Department of the University of Utah)

COMBINING SCHEDULE OF PROGRAMS – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2022

	<u>KUEN-TV</u>	<u>TeleHealth</u>	<u>Total</u>
OPERATING REVENUES			
Commercial	\$ 7,965		\$ 7,965
Total operating revenues	7,965		7,965
OPERATING EXPENSES			
Broadcasting	4,065,444		4,065,444
Education service and training	816,507	\$ 329,284	1,145,791
Installation and transport	32,032,696	1,085,408	33,118,104
Programming and production	3,535,025	-	3,535,025
Program information	375,040	-	375,040
Management and general	2,904,106	486,055	3,390,161
Total operating expenses	43,728,818	1,900,747	45,629,565
Operating loss	(43,720,853)	(1,900,747)	(45,621,600)
NONOPERATING REVENUES			
State of Utah appropriations	33,700,300	1,335,000	35,035,300
Corporation for Public Broadcasting grants	2,433,733	-	2,433,733
Other grants	152,500	412,209	564,709
Support from KUED-TV	39,030	-	39,030
Member fees	-	798,341	798,341
Other	39,600	-	39,600
Total nonoperating revenue	36,365,163	2,545,550	38,910,713
Decrease in net position	(7,355,690)	644,803	(6,710,887)
NET POSITION			
Net position - beginning of year	77,353,525	(824,271)	76,529,254
Net position - end of year	\$ 69,997,835	\$ (179,468)	\$ 69,818,367



CERTIFIED PUBLIC
ACCOUNTANTS

WSRP, LLC

INDEPENDENT AUDITORS' 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*

KUEN

**The University of Utah Board of Trustees
and Taylor R. Randall, President
Salt Lake City, Utah**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KUEN, which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise KUEN's basic financial statements, and have issued our report thereon dated February 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KUEN's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KUEN's internal control. Accordingly, we do not express an opinion on the effectiveness of KUEN'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KUEN'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 determination of financial statement amounts. 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.

WSRP, LLC

Salt Lake City, Utah

February 9, 2024