

EASTERN KENTUCKY UNIVERSITY
REPORT ON AUDIT OF INSTITUTION
OF HIGHER EDUCATION
IN ACCORDANCE WITH UNIFORM GUIDANCE
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Eastern Kentucky University (the "University"), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Eastern Kentucky Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

(Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 19, the Schedule of the University's Proportionate Share of the Net Pension Liability on page 80, the Schedule of the University's Pension Contributions on page 81 the Schedule of the University's Proportionate Share of the Net OPEB Liability on page 86, and the Schedule of the University's OPEB Contributions on page 87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Lexington, Kentucky
February 13, 2026

Introduction

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

The University, which also boasts regional campuses in Corbin and Manchester, offers a variety of degree programs at the associate, baccalaureate, master's and doctoral levels. The University's prominent programs include Aviation, Criminal Justice, Education, Environmental Health Science, Forensic Science, Game Design, Homeland Security, Nursing, Occupational Therapy and PGA Golf Management. EKU's nationally prominent Honors program leads the nation in the number of student presenters at the National Collegiate Honors Council over the past 35 years. EKU offers four doctoral programs: Educational Leadership and Policy Studies, Nursing Practice, Occupational Therapy and Clinical Psychology.

Approximately 85 percent of EKU students are Kentucky residents, and 67 percent of the University's degree holders are employed in Kentucky one year after graduation, giving EKU the title of "Kentucky's University." As of Fall 2024, the University is the largest regional public institution for degree-seeking student enrollment. Total student enrollment for Fall 2024 was approximately 15,500 students. A growing number of students are attracted to EKU's online programs, with about 30 percent of the total student population enrolled in an online program. Many of the University's online programs have earned national accolades, including being named one of the Best Online Nursing School Master's Programs for 2025 by The Princeton Review.

EKU received recognition as an "Opportunity College and University" by the Carnegie Foundation for providing higher-than-expected levels of student access and post-graduation earnings. For three years in a row, EKU ranked first among Kentucky's public universities for Top Performers on Social Mobility by U.S. News & World Report. The University also earned national distinction among Best Colleges by U.S. News & World Report and America's Best Colleges by The Wall Street Journal. The University is No. 2 nationally for Military Friendly® Spouse Schools and No. 5 for Military Friendly® Schools.

The University has generated record amounts of private support in recent years. EKU was included in the top 30 percent of schools in "Best Colleges for Your Tuition (and Tax) Dollars" from *Washington Monthly* magazine and was ranked second by the magazine among public universities in Kentucky in its 2025 "Best Bang for the Buck" survey.

Financial Highlights

At June 30, 2025, Eastern Kentucky University's financial position increased as reflected in the Statement of Net Position.

- Total assets increased by \$58.9 million to \$719.1 million at June 30, 2025, compared to \$660.2 million at June 30, 2024. The major factor affecting this was an increase in capital assets not being depreciated. The University has construction in process as of June 30, 2025 totaling \$135.8 million compared to \$69.2 million at June 30, 2024. Significant capital projects in process include improvements and renovations to Keene Hall, Burnham Hall, and the Alumni Coliseum renovation.
- Deferred outflows decreased by \$9.0 million to \$42.4 million at June 30, 2025, compared to \$51.4 million at June 30, 2024. The decrease is attributed to a decrease in deferred outflows related to pensions.

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

- Overall liabilities decreased by \$18.0 million to \$465.3 million at June 30, 2025, compared to \$483.3 million at June 30, 2024. This decrease is the result of a \$7.4 million decrease in bonds payable and a \$13.1 million decrease in Net Pension Liability.
- Deferred inflows decreased by \$9.0 million to \$87.6 million at June 30, 2025, compared to \$96.6 million at June 30, 2024. The decrease is attributed primarily to a decrease in KERS/KTRS OPEB.
- Total net position at June 30, 2025 increased by \$77.0 million to \$208.7 million, compared to \$131.7 million at June 30, 2024.

Using the Annual Report

This annual report consists of a series of financial statements that have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements consist of Statement of Net Position as of June 30, 2025, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for the fiscal year then ended. These statements reflect both the financial position of the University as of the end of the 2025 fiscal year, as well as the results of operating and nonoperating activities and cash flows. Also included are the financial statements for the Foundation, which are presented in this report in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*.

Reporting Entity

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

Statement of Net Position

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

Assets – Total assets at June 30, 2025, increased to \$719.1 million compared to \$660.2 million at June 30, 2024.

Cash and Cash Equivalents – Total cash and cash equivalents at June 30, 2025, totaled \$72.8 million; \$929 thousand more than the June 30, 2024, level of \$71.8 million. This is attributable to an increase of non-restricted cash and cash equivalents of \$7.6 million and a decrease of restricted cash of \$6.7 million.

Investments – The Foundation holds and manages investments owned by the University. At June 30, 2025, the market value of investments held by the Foundation on behalf of the University was \$26.4 million compared to \$24.8 million at June 30, 2024, an increase of \$1.6 million.

Capital Assets – The historical cost, less accumulated depreciation, of the University's capitalized assets was \$589.2 million as of June 30, 2025, a net increase after depreciation of \$55.4 from the \$533.8 million balance at June 30, 2024. Depreciation expense for the fiscal year totaled \$27.2 million. This total of capital assets included RTU Assets net of accumulated amortization of \$1.8 million and \$439 thousand as well as RTU SBITA Assets net of accumulated amortization of \$3.4 million and \$4.7 million for 2025 and 2024, respectively.

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EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Other Asset Categories – The balances in the various other asset categories at June 30, 2025, compared to June 30, 2024 included accounts receivable (net of allowance) which increased in total by \$840 thousand; loans to students, which decreased in total by \$19 thousand; inventories, which increased by \$89 thousand; and prepaid interest, which increased in total by \$340 thousand.

Deferred Outflows – The deferred outflows for the year ended June 30, 2025, totaled \$42.4 million and represent the unamortized deferred refunding balance of bonds, as well as the contributions to the KTRS and KERS pension and KTRS and KERS OPEB. This is a decrease of \$9.0 million from the June 30, 2024 balance of \$51.4 million. This decrease is primarily attributable to a decrease in KTRS pension contributions.

Liabilities – Total liabilities at June 30, 2025, were \$465.3 million compared to \$483.3 million at June 30, 2024. This decrease of \$18.0 million is primarily attributable to a decrease in Bonds Payable from fiscal year 2025 of \$7.1 million, as well as a decrease in Pension and OPEB Liabilities of \$15.0 million related to KTRS and KERS pension and KTRS and KERS OPEB plans.

Bonds Payable and Finance Lease Obligations – In total, bonds payable and finance lease obligations decreased by \$7.4 million as of June 30, 2025, compared to June 30, 2024. At June 30, 2025, the total bonds payable and finance lease obligations were \$154.4 million versus \$161.8 million at June 30, 2024. This decrease is attributable to principal payments made on the bonds.

Other Liability Categories – At June 30, 2025, the balances in various other liability categories increased by \$4.3 million to \$52.7 million compared to \$48.4 million at June 30, 2024. The majority of the balances in this category are comprised of accounts payable, interest payable, payroll/benefits liabilities, external contracts and grants, and unearned revenues associated with tuition and fees billed in June 2025, for summer school classes, as well as unearned revenues associated with the Case Dining Hall agreement.

Deferred Inflows – The deferred inflows for the year ended June 30, 2025, totaled \$87.6 million and represent the KTRS and KERS pension, KTRS and KERS OPEB, as well as a Service Concession for Housing projects constructed as part of the P3 initiative on campus. This decrease of \$9.0 million is compared to the June 30, 2024 deferred inflows balance of \$96.6 million.

Net Position – Total Net Position at June 30, 2025, was \$208.7 million; an increase of \$77.0 million from net position of \$131.7 million at June 30, 2024.

Net Investment in Capital Assets – Net position invested in capital assets increased by \$67.9 million as of June 30, 2025 to \$361.7 million compared to the June 30, 2024, level of \$293.8 million.

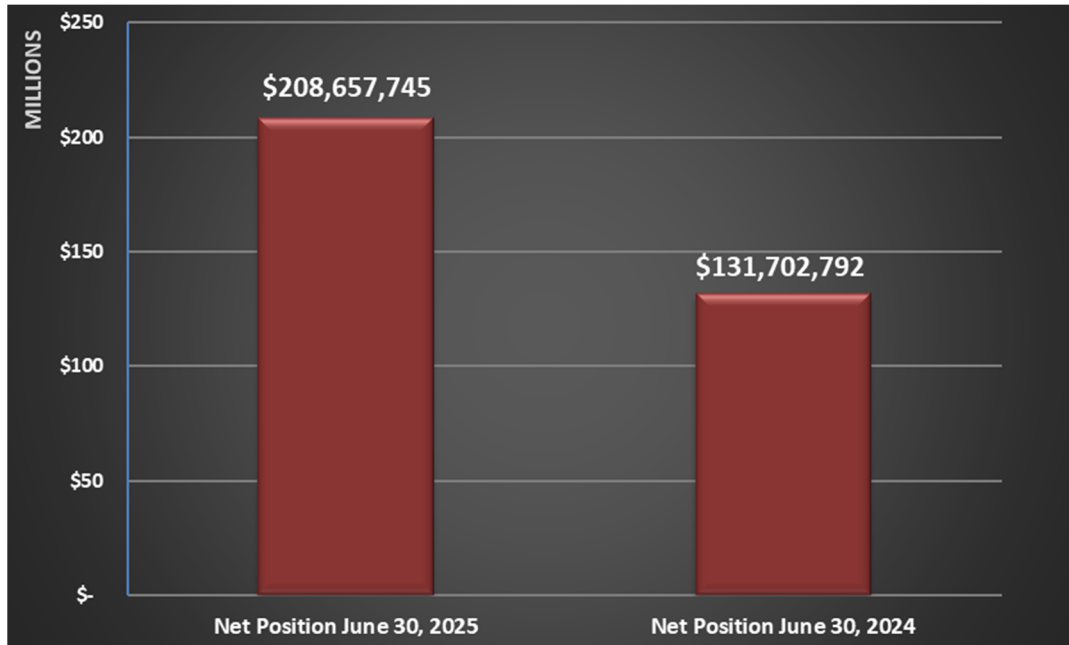
Restricted Net Position – In total, restricted net position decreased by \$4.0 million to \$52.3 million at June 30, 2025, compared to \$56.3 million at June 30, 2024. The net decrease is primarily attributable to the decrease in restricted expendable for capital projects of \$5.5 million.

Unrestricted Net Position – Unrestricted net position increased by \$13.1 million to \$(205.3) million at June 30, 2025, compared to the June 30, 2024 unrestricted net position of \$(218.4) million. This increase is primarily attributable to the funds invested in capital assets, net of related debt and the KTRS and KERS pension expense adjustments in the current period.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

The chart below illustrates the net position for the years ended June 30, 2025 and 2024:



Unrestricted Net Position

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

	<u>2025</u>	<u>2024</u>
Inventories	\$ 369	\$ 405
Outstanding encumbrances	1,783	991
Departmental commitments	3,488	5,575
Designated projects and contingency reserves	35,992	35,005
Health care self-insurance reserve	3,000	3,000
Auxiliary working capital	(6,229)	(7,545)
University capital projects	1,000	1,000
KTRS pension	(93,399)	(89,563)
KERS pension	(127,885)	(136,424)
KTRS OPEB	(18,066)	(19,950)
KERS OPEB	<u>(5,360)</u>	<u>(10,909)</u>
Total unrestricted net position	<u>\$ (205,307)</u>	<u>\$ (218,415)</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets	\$ 79,336	\$ 70,425
Capital assets – net	589,215	533,879
Other noncurrent assets	<u>50,586</u>	<u>55,864</u>
Total assets	<u>\$ 719,137</u>	<u>\$ 660,168</u>
DEFERRED OUTFLOWS		
Unamortized deferred refunding balance	\$ 14	\$ 25
KTRS/KERS pensions	25,420	34,588
KTRS/KERS OPEB	<u>16,944</u>	<u>16,769</u>
Total deferred outflows	<u>\$ 42,378</u>	<u>\$ 51,382</u>
LIABILITIES		
Current liabilities	\$ 48,816	\$ 41,119
Noncurrent liabilities	<u>416,447</u>	<u>442,143</u>
Total liabilities	<u>\$ 465,263</u>	<u>\$ 483,262</u>
DEFERRED INFLOWS		
Service concession - housing	\$ 52,146	\$ 54,516
Other deferred inflows	6,505	6,970
KTRS/KERS pensions	8,700	9,476
KTRS/KERS OPEB	<u>20,243</u>	<u>25,624</u>
Total deferred inflows	<u>\$ 87,594</u>	<u>\$ 96,586</u>
NET POSITION		
Net investment in capital assets	\$ 361,711	\$ 293,828
Restricted – expendable	39,921	43,957
Restricted – nonexpendable	12,333	12,333
Unrestricted	<u>(205,307)</u>	<u>(218,415)</u>
Total net position	<u>\$ 208,658</u>	<u>\$ 131,703</u>

Statements of Revenues, Expenses, and Changes in Net Position

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

Operating Results – As indicated in the Statement of Revenues, Expenses, and Changes in Net Position, there was a net loss of \$(157.7) million from operations for the fiscal year ended June 30, 2025, prior to consideration of state appropriations and other net nonoperating revenues. This is compared to a loss of \$(143.8) million from operations for the fiscal year ended June 30, 2024.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Operating Revenues

Below is a summary of operating revenues for fiscal year 2025 as compared to fiscal year 2024:

	Year ended June 30, (in thousands)	
	<u>2025</u>	<u>2024</u>
Tuition and fees	\$ 174,249	\$ 166,156
Scholarships and discounts	<u>(85,617)</u>	<u>(80,520)</u>
Net tuition and fees	88,632	85,636
Grants and contracts	26,307	28,039
Other revenues	<u>19,565</u>	<u>17,847</u>
Total education and general fund	134,504	131,522
Auxiliaries	36,332	35,404
Scholarships and discounts	<u>(11,344)</u>	<u>(13,305)</u>
Net auxiliaries	<u>24,988</u>	<u>22,099</u>
Total operating revenues	<u>\$ 159,492</u>	<u>\$ 153,621</u>

Tuition and Fees – Income from student tuition and fee assessments, shown net of the tuition discount, was \$88.6 million for the fiscal year ended June 30, 2025, compared to \$85.6 million for the fiscal year ended June 30, 2024. The increase of \$3.0 million in net tuition and fees reflects an increase in gross tuition and fee revenue, primarily attributable to online tuition during the year ended June 30, 2025. In addition, a new method for discounting tuition and fees was implemented in fiscal year 2025, based on guidance released by NACUBO. This implementation increased the discount amount to \$85.6 million compared to \$80.5 million for the fiscal year ending 2024.

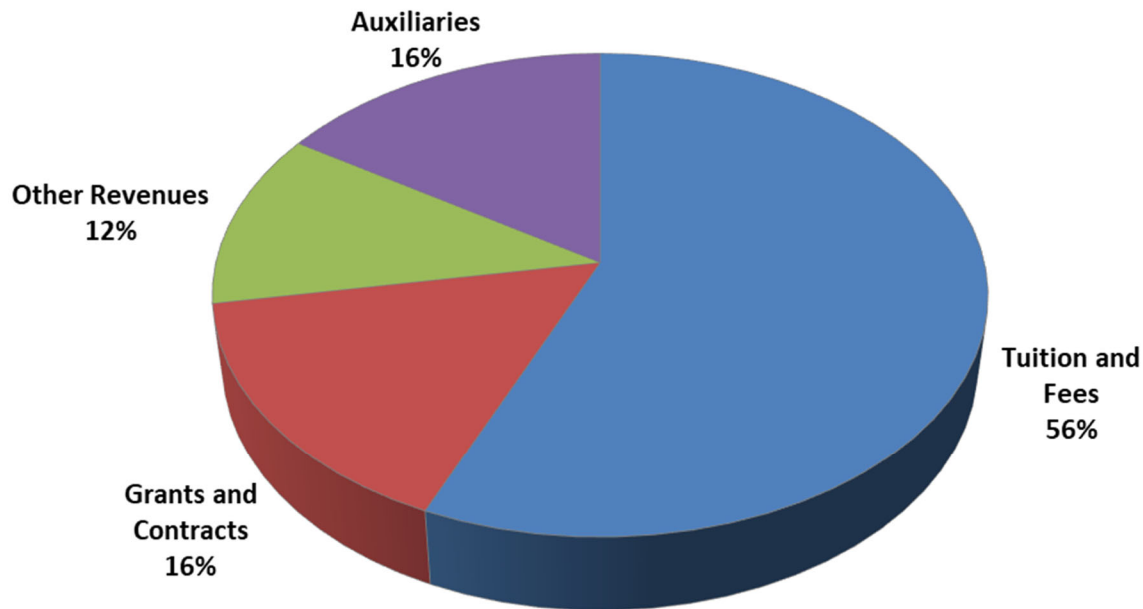
Grants and Contracts – For the fiscal year ended June 30, 2025, there was \$26.3 million recognized revenue from all grants and contracts compared to \$28.0 million for the year ended June 30, 2024; decrease of \$1.7 million. Revenues recognized from external grants and contracts can vary significantly from one fiscal year to the next given variations in new awards, awards ending their grant cycle, and amounts recognized for activities occurring in a given year.

Auxiliaries – Auxiliary enterprises consist of University functions provided for the academic and physical well-being of students. While these functions are not directly related to providing educational services, they are important for student convenience and support. Like tuition and fees, housing revenues are reported net of scholarships and financial aid that directly offset these costs to students. In the Statements of Revenues, Expenses, and Changes in Net Position, \$25.0 million is reported for net auxiliary revenues for the year ended June 30, 2025, compared to \$22.1 million for the year ended June 30, 2024. The majority of auxiliary revenues for both fiscal years is attributable to student residence hall fees.

Other Operating Revenues – Revenues in the various categories that make up other operating revenues can vary widely from year to year when unexpected revenues come into the University. For the fiscal year ended June 30, 2025, total other operating revenues were \$19.6 million compared to \$17.8 million for June 30, 2024, an increase of \$1.8 million.

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Source of Operating Revenues – Fiscal Year 2025



Operating Expenses

Educational and General – Educational and general expenses are those expenditures associated with both academic instruction and support of the educational mission of the University. These include expenditures related to both operational activities and those activities where funding is restricted for specific purposes, such as external contracts and grants. Educational and general expenditures include instructional costs, expenditures related to public service, academic support services such as libraries, student services including health services and student activities, administrative costs for the University, the maintenance and operation of the University's physical facilities, financial and scholarship expenses not directly related to tuition or housing, and debt service expenditures. For the fiscal year ended June 30, 2025, educational and general expenditures totaled \$304.2 million compared to \$280.8 million for the fiscal year ended June 30, 2024; an increase of \$23.4 million.

Auxiliaries – As indicated above, auxiliary enterprises are essential student service activities that do not directly impact educational and general operations. The total auxiliary expenditures for the year ended June 30, 2025, were \$25.2 million, compared to \$27.6 million for the year ended June 30, 2024.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Below is a summary of operating expenditures for fiscal year 2025, compared to fiscal year 2024:

	Year ended June 30, (in thousands)	
	<u>2025</u>	<u>2024</u>
Instruction, academic support and libraries	\$ 111,655	\$ 113,885
Research and public service	12,649	14,855
Student services	28,296	27,221
Institutional support and operations and maintenance of plant	85,156	74,014
Student financial aid	38,705	23,650
Depreciation	27,169	26,810
Other operation expenses	<u>587</u>	<u>343</u>
Total educational and general expenses	304,217	280,778
 Auxiliaries	 25,161	 27,603
Pension expense adjustments	(4,703)	(1,395)
OPEB expense adjustments	<u>(7,433)</u>	<u>(9,592)</u>
 Total operating expenses	 <u>\$ 317,242</u>	 <u>\$ 297,394</u>

Instruction, Academic Support, and Libraries – The total expenditures of these three areas, which directly relate to teaching, academic, and faculty support, decreased \$2.2 million to \$111.7 million for the year ended June 30, 2025, compared to \$113.9 million for the year ended June 30, 2024.

Research and Public Service – Expenditures in these categories are primarily related to external contracts and grants activity. These activities can vary significantly from year to year due to both timing of awards and project completions. For the fiscal year ended June 30, 2025, total expenditures related to research and public service was \$12.6 million, compared to \$14.9 million for the fiscal year ended June 30, 2024; A decrease of \$2.3 million.

Student Services – Expenditures for student services for fiscal year 2025 were \$28.3 million compared to \$27.2 million in fiscal year 2024, an increase of \$1.1 million. The student services function includes expenditures for many activities contributing to student development outside the instructional setting.

Institutional Support and Operations and Maintenance of Plant – These functions provide physical and administrative support for the University and include administrative offices, physical plant operations, noncapital maintenance expenses, utility expenses, technology support, legal, property and liability insurance, and other similar operational support costs. For the fiscal year ended June 30, 2025, the expenditures for these areas totaled \$85.2 million compared to \$74.0 million for the year ended June 30, 2024; increase of \$11.2 million. The increase in expense is the result of increases to bad debt expense and higher insurance costs compared to the prior year.

Student Financial Aid – Tuition and fees, as well as certain auxiliary revenues, are shown net of financial aid from all sources directly awarded to fund those respective areas. As a result, the financial aid expense shown on the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years highlighted is relatively low in relationship to the total amounts expended for financial aid both from governmental sources and institutional sources. For fiscal year 2025, the total financial aid expenditure was \$135.7 million compared to \$117.5 million for fiscal year 2024, increase of \$18.2 million as shown in the table on the following page.

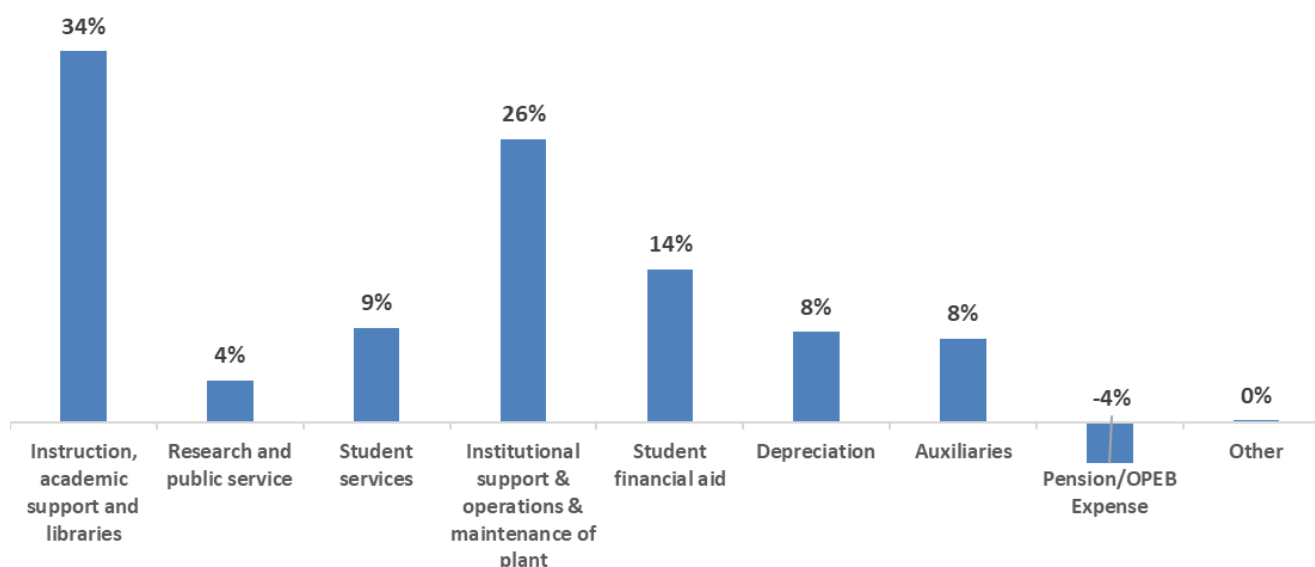
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EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Pension Expense Adjustments – Upon adoption of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, the University reports Pension Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2025, the University recorded \$(4.7) million of pension expense adjustments. This an increase of \$3.3 million from the fiscal year ending June 30, 2024 pension expense adjustments of \$(1.4) million. These expense adjustments do not include actual contributions to the plan.

OPEB Expense Adjustments – Upon adoption of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the University reports OPEB Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2025, the University recorded \$(7.4) million of OPEB expense adjustments. For the fiscal year ending June 30, 2024, the University recorded \$(9.6) million of OPEB Expense Adjustments. These expense adjustments do not include actual contributions to the plan.

Major Areas of Operating Expense – Fiscal Year 2025



Student financial aid expense reported on the Statement of Revenues, Expenses, and Changes in Net Position reflect the residual financial aid paid directly to the students. The student financial aid expense for the year ended June 30, 2025, was \$38.7 million, an increase of \$15.1 million compared to \$23.6 million for the year ended June 30, 2024. The increase was primarily due to increases in institutional aid combined with the new method for scholarship discounting implemented in fiscal year 2025, based on guidance released by NACUBO in Advisory Report AR-2023-01. This advisory recommended a change in calculating the discount from the Alternate Method (NACUBO AR-2000-05) to an estimation and measurement methodology that more accurately reflects how financial aid is provided to students.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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

	Year ended June 30, (in thousands)	
	<u>2025</u>	<u>2024</u>
Tuition and fee discount	\$ 85,617	\$ 80,520
Auxiliary enterprises discount	11,344	13,305
Student financial aid expense	<u>38,705</u>	<u>23,650</u>
Total student financial aid expense	<u>\$ 135,666</u>	<u>\$ 117,475</u>

Non-Operating Revenues/Expenses

State Appropriations – Funding from state appropriations for operations and debt service for the fiscal year ended June 30, 2025 was \$82.4 million. This was increase of \$5.7 million from the prior year ended June 30, 2024 amount of \$76.7 million.

Investment Income – Total investment income for the fiscal years ended June 30, 2025 and 2024, was \$3.7 million and \$6.0 million, respectively; a decrease of \$2.3 million as a result of market fluctuations.

Federal and State Grants and Contracts – Total federal and state grant revenue for the fiscal year ended June 30, 2025, was \$79.4 million, compared to the \$63.4 million from fiscal year 2024. This was an increase from prior year revenue of \$16.0 million mainly driven by increased Pell grant revenue and CAP state grant revenue.

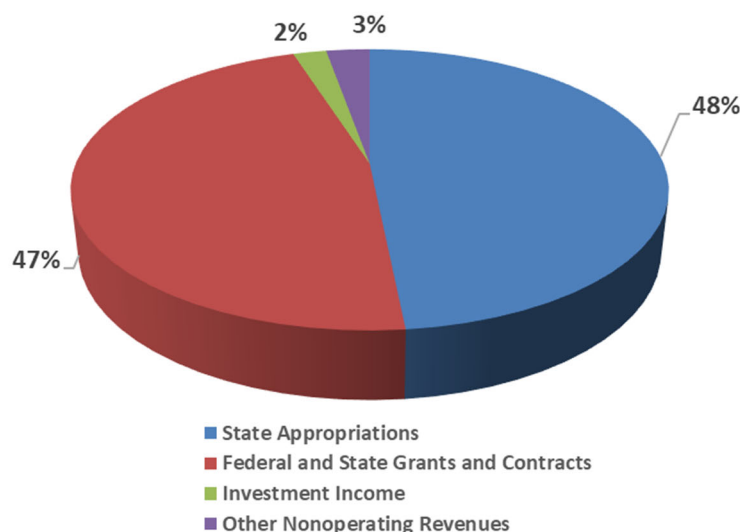
Other Non-Operating Revenues – Other non-operating revenues totaled \$4.8 million for the year ended June 30, 2025, equal compared to \$4.8 million from the prior year ended June 30, 2024. This is the revenue recognized for Case Dining each year.

Other Non-Operating Expenses – Other non-operating expenses totaled \$27 thousand for the year ended June 30, 2025, an increase of \$27 thousand and compared to \$0 from the prior year ended June 30, 2024.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Major Sources of Non-Operating Revenues – Fiscal Year 2025



Capital Support – For the year ended June 30, 2025, the University received funds from the Commonwealth totaling \$71.8 million for new capital projects compared to \$25.3 million from the prior year ended June 30, 2024. This increase included funds received from the Commonwealth primarily for Asset Preservation Funding.

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

	Year ended June 30, (in thousands)	
	2025	2024
Operating revenues	\$ 159,492	\$ 153,621
Operating expenses	<u>317,241</u>	<u>297,394</u>
Operating loss	(157,749)	(143,773)
Nonoperating revenues – net	<u>162,854</u>	<u>143,450</u>
Gain (loss) before capital appropriations	5,105	(323)
Capital appropriations	<u>71,850</u>	<u>25,276</u>
Change in net position	76,955	24,953
Net position – beginning of year	<u>131,703</u>	<u>106,750</u>
Net position – end of year	<u>\$ 208,658</u>	<u>\$ 131,703</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Statements of Cash Flows

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

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

	<u>Year ended June 30,</u> (in thousands)	
	<u>2025</u>	<u>2024</u>
Cash provided by (used in)		
Operating activities	\$ (138,997)	\$ (122,670)
Noncapital financing activities	164,549	143,146
Capital and related financing activities	(26,515)	(50,931)
Investing activities	<u>1,892</u>	<u>3,951</u>
Net change in cash and cash equivalents	929	(26,504)
Cash and cash equivalents – beginning of year	<u>71,846</u>	<u>98,350</u>
Cash and cash equivalents – end of year	<u>\$ 72,775</u>	<u>\$ 71,846</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Capital Asset and Debt Administration

During fiscal years 2025 and 2024, the following projects were completed by the University:

	Year ended June 30, (in thousands)	
	<u>2025</u>	<u>2024</u>
Powell Plaza Rejuvenation	\$ 1,493	\$ -
Keen Johnson Electrical Gear Replacement	569	-
Heat Plant Boiler 5 Installation	1,160	-
Combs Elevator Modernization	958	-
Whitlock Elevator Modernization	384	-
Mattox Return to Res Hall	3,224	-
Whitlock Hot Water Boiler (2) Replacement	381	-
Cammack Cooling Tower/Chiller Relocation	333	-
Grand Campus FOB System Replacement	712	-
RCF3497 Cammack Elevator Repair/Replacement	134	-
Arlington Resurface Parking Lot	274	-
Steam Line 1000 ft Replacement	-	37
Divine Nine Campus Plot	-	46
Coates ADA Stage Lift	-	48
University Building Window Replacement	-	79
RCF 2723 Telford Hall Electrical Upgrade	-	80
Composting Grant	-	145
Campbell Cooling Tower Replacement	-	146
Crabbe Library Complex Cooling Tower Replacement	-	149
Wallace Building Renovation	-	155
Gentry Fence Replacement with Gate	-	169
Coates Elevator Modernization	-	180
Perkins Cooling Tower Replacement	-	185
Keen Johnson Chiller Replacement	-	189
Donovan Annex Hot Water Boiler Replacement	-	199
Model Lab Hot Water Boiler Replacement	-	209
Fitness & Wellness Chiller Replacement	-	212
Wallace Cooling Tower Replacement	-	268
Perkins Heat Machine Replacement	-	272
Whitlock Cooling Tower Replacement	-	276
Burrier Chiller Replacement	-	300
Donovan/Model Chiller Replacement	-	318
Wallace Chiller Replacement	-	334
Crabbe Library Complex Chiller Replacement	-	347
Combs Bldg Lower Main Roof Replacement	-	358
Burrier Elevator Modernization	-	365
Kit Carson Drive Raised Cross Walk	-	377
Business & Tech Chiller Replacement	-	484
Wallace Elevator Modernization	-	645
Giles Gallery Renovation	-	1,121
Whitlock First Floor Renovation	-	1,315
Wallace Air Handlers & Controls	-	1,798
	<u>-</u>	<u>1,798</u>
Total	\$ 9,622	\$ 10,806

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

The following projects were still in process at June 30, 2025 (in thousands):

	Total Expenditures Through June 30, 2025	Estimated Cost to Complete at June 30, 2025
Clays Ferry Emergency Warning System	\$ 297	\$ 382
Coates Bldg. – Façade Repairs (Phase 1)	17	1
RCF3819 Alumni Parking Lot Mill & Pave	-	94
RCF3825 Kit Carson Lot Mill Surface Restr	-	159
RCF3826 Carter Bldg. Lot Mill Pave & Stripe	-	80
RCF 3827 Brockton Com Lot Mill Pave & Stripe	-	141
RCF3855 Whitlock Parking Lot Mill & Pave	-	62
RCF 1711 Bypass Pedway	5,465	621
RCF3662 KJ Lower Level HVAC	124	2,507
Heat Plant Boiler Control Upgrade	347	15
Clay Hall Shower Pan Replacement	110	101
Keene Hall MEP Upgrade	38,003	231
McGregor Hall Demo	4	3
Palmer Hall MEP Upgrade	370	50
Construct New Model Lab School	6,374	142,725
Madison Co. Airport Flight School Construction	778	4,129
Alumni Coliseum Renovation	31,172	22,437
Summit Street Sidewalk & Lighting	503	33
Burnam Hall MEP Upgrade	14,935	1,305
Coates Exterior/Interior Repairs (Phase 2)	405	6,569
Burrier Exterior Repairs	108	1,365
RCF Begley Exterior	541	359
Steamline Upgrades	8,411	3,289
Coates Lower Level Renovation	1,533	220
Lancaster Ave Water Main Line Redirected	1,092	167
RCF3279 Commonwealth Renovation	414	3,516
Heat Plant Roof Replacement	4,747	466
RCF3466 Parking Lot Emg Call Boxes	312	1,688
RCF3461 Center for the Arts-Jane statue	318	18
Combs Grise & Ferrell Renovation	52	748
RCF3507 Summit Street Parking Lot Phase B	23	51
APFRCF3548 Alumni Coliseum Roof Replacement	7	993
RCF3569 Cross Country Revamp	19	131
Science Bldg Chiller Pumps Replacement	486	234
RCF Noel Studio HVAC Replacement	553	375
RCF3661 KJ LL Alleyway Concrete Replacement	508	62
RCF3747 Clay Hall Sprinkler & Floor	1,358	642
APF2-Renovation Mech Systems Alumni Coliseum	875	4,337
APF2-Infrastructure Upgrade Alumni Coliseum	6,412	1,089
APF2-Building Interior Repair/Renovate Alumni Coliseum	8,209	1,080
RCF3838 Rowlett Elevator Upgrade	63	267
RCF3842 Campbell Elevator Upgrade	21	225
APF Campus IT Upgrade FiberTech	839	661
RCF3771 Powell Plaza Concrete/Light	22	685
Total	<u>\$ 135,827</u>	<u>\$ 204,313</u>

(Continued)

Long-term debt at June 30, 2025, was \$154.4 million compared to \$161.8 million at June 30, 2024. The \$7.4 million decrease is the result of the decrease to bonds payable for payments of principal owed on bonds in fiscal year 2025, as well as a decrease of the RTU Lease Liability and RTU SBITA, offset by a new RTU leases and RTU SBITA leases for 2025.

Economic and Other Factors Impacting Future Periods

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

- The level of state-appropriated funds received by the University will continue to be a major factor in the future of the University. State-appropriated funds represent about 30 percent of the University's education and general budget.
- In addition to the state appropriation, the balance of the University's education and general budget must come from other sources, primarily student tuition revenue. The Council on Postsecondary Education determines a ceiling on annual tuition increases at state universities, which may limit the ability of the University to generate additional tuition revenues. Improving student access and opportunity to obtain a college education for our students remains vitally important to Eastern. Accordingly, with every tuition increase, there must be a corresponding focus and analysis of financial aid available to our students.
- The various campus facility improvements that have been completed over the last several years continue to be focused on enhancing overall student success and the educational experience of our students. The Alumni Coliseum project to create a more robust space for both community events, athletic facilities, and student experiences will be completed in Fall of 2025. The Model Laboratory School project is ongoing and will be completed in Summer 2028. This project is a state funded project that will transform the way the University delivers K-12 education.
- The Performance Based Funding model has been implemented in Kentucky. The University's entire state appropriation is incorporated into the performance-funding model, with receipt of any/all state funds contingent upon performance. The budgetary and financial challenges presented by placing a considerable amount of the University's state appropriation into this model are significant.
- The University's Strategic Plan, *Experience Excellence 2022-2030* has been approved by the EKU Board of Regents and has been implemented on campus. This new strategic plan is founded upon three Strategic Priorities: Knowledge, Innovation, and Transformation; and includes the Guiding Values of Inclusion and Trust.
- Given the ongoing and often conflicting pressures for revenue generation, the goal of maximizing affordability for our students, and the goal of continually strengthening our core educational mission, the University must continue to seek additional revenue from other sources. Other sources include unrestricted annual gifts, the Eastern Kentucky University Foundation, and funds generated through University research and entrepreneurial activities. The University remains committed to continuing to seek more and better ways to operate as efficiently as possible and continually reduce expenses.
- The Commonwealth's economic health is inextricably linked with the national and international economy. The latest update to the current U.S. economic outlook indicates moderate economic growth ranging from 2-3% on an annual basis.

(Continued)

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

Requests for Information

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

EASTERN KENTUCKY UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 49,134,554
Accounts receivable – net of allowance of \$3,968,088	27,567,851
Loans to students – net of allowance of \$1,591	152,102
Inventories	838,377
Prepaid expenses	<u>1,642,974</u>
Total current assets	<u>79,335,858</u>

Noncurrent Assets

Restricted cash and cash equivalents	23,640,335
Investments	26,438,391
Loans to students – net of allowance of \$5,309	507,621
Capital assets – net of accumulated depreciation of \$426,635,704	435,277,858
RTU lease asset, net of accumulated amortization of \$682,465	1,793,187
RTU SBITA asset, net of accumulated amortization of \$7,157,066	3,353,490
Capital assets not being depreciated	<u>148,790,218</u>
Total noncurrent assets	<u>639,801,100</u>

Total Assets

719,136,958

Deferred Outflows

Unamortized deferred refunding loss balance	13,838
KTRS/KERS pension	25,419,913
KTRS/KERS OPEB	<u>16,943,527</u>
Total deferred outflows	<u>42,377,278</u>

Total Assets and Deferred Outflows

\$ 761,514,236

(Continued)

EASTERN KENTUCKY UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2025

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 17,166,442
Accrued interest	22,601
Accrued salaries and benefits	2,824,091
Accrued compensated absences	3,408,630
Payroll withholding payable	632,882
Refundable deposits	194,489
Unearned revenue	13,766,078
Bonds payable	7,375,648
Finance purchase obligations, current	840,742
RTU lease liability, current	430,739
RTU SBITA liability, current	<u>2,153,920</u>
Total current liabilities	<u>48,816,262</u>

Noncurrent Liabilities

Unearned revenue	14,671,672
Bonds payable, noncurrent portion	113,796,352
Finance purchase obligations, noncurrent portion	25,905,204
RTU lease liability, noncurrent portion	1,402,728
RTU SBITA liability, noncurrent portion	2,539,950
Net pension liability	238,004,053
Net OPEB liability	<u>20,126,687</u>
Total noncurrent liabilities	<u>416,446,646</u>

Total liabilities	<u>465,262,908</u>
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Deferred Inflows

Service concession – housing	52,145,505
Deferred amount on refunding debt and other	6,505,471
KTRS/KERS pension	8,699,632
KTRS/KERS OPEB	<u>20,242,975</u>
Total deferred inflows	<u>87,593,583</u>

Net Position

Net investment in capital assets	361,711,360
Restricted	
Expendable for capital projects	28,358,818
Expendable for scholarships	5,931,052
Expendable for institutional support	5,630,835
Unexpendable for permanent endowment	12,332,772
Unrestricted	<u>(205,307,092)</u>
Total net position	<u>208,657,745</u>

Total Liabilities, Deferred Inflows and Net Position	<u>\$ 761,514,236</u>
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See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 13,513,529
Pledges receivable – net	930,568
Cash surrender value of life insurance	156,354
Other current assets	<u>13,800</u>
Total current assets	<u>14,614,251</u>

Noncurrent assets

Investments	107,967,617
Pledges receivable – net	1,203,141
Property and equipment – net	751,404
Other noncurrent assets	<u>61,747</u>
Total noncurrent assets	<u>109,983,909</u>

Total Assets \$ 124,598,160

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 50,030
Due to University	<u>166,240</u>
Total current liabilities	<u>216,270</u>

Noncurrent liabilities

Deferred gift liabilities	223,612
Assets held for others	<u>26,438,391</u>
Total noncurrent liabilities	<u>26,662,003</u>

Total Liabilities 26,878,273

Net assets

Without donor restrictions	
Board designated endowment	14,786,626
Undesignated	<u>1,878,531</u>
Total net assets without donor restrictions	16,665,157

With donor restrictions	
Purpose restrictions	37,119,146
Perpetual in nature	<u>43,935,584</u>
Total net assets with donor restrictions	<u>81,054,730</u>

Total net assets 97,719,887

Total Liabilities and Net Assets \$ 124,598,160

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2025

OPERATING REVENUES

Tuition and fees – net	\$ 88,631,823
Federal grants and contracts	10,955,391
State grants and contracts	5,867,763
Nongovernmental grants, contracts, and gifts	9,484,266
Sales and services of educational activities	8,560,748
Auxiliary enterprises – housing	18,200,949
Auxiliary enterprises – other	6,787,362
Other operating revenues	11,003,937
Total operating revenues	<u>159,492,239</u>

OPERATING EXPENSES

Educational and general	
Instruction	87,071,143
Research	539,489
Public service	12,109,949
Libraries	3,310,958
Academic support	21,272,676
Student services	28,295,619
Institutional support	53,703,307
Operations and maintenance of plant	31,452,718
Depreciation/amortization	21,535,547
Student financial aid	38,705,054
Auxiliary enterprises	
Housing and other auxiliaries	25,160,923
Depreciation/amortization	5,632,987
Pension expense adjustments	(4,703,059)
OPEB expense adjustments	(7,432,626)
Other operating expenses	586,944
Total operating expenses	<u>317,241,629</u>

Operating loss (157,749,390)

NONOPERATING REVENUES (EXPENSES)

State appropriations	82,412,100
Federal and state grants and contracts	79,402,096
Investment income	3,656,430
Interest expense	(7,372,186)
Other nonoperating revenues	4,783,153
Other nonoperating expenses	(26,953)
Net nonoperating revenues	<u>162,854,640</u>

Income (Loss) before capital appropriations 5,105,250

Capital appropriations 71,849,703

Change in net position 76,954,953

Net position – beginning of year 131,702,792

Net position – end of year \$ 208,657,745

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,255,200	\$ 5,022,939	\$ 6,278,139
Income from investments – net of investment expenses of \$164,850	796,740	2,148,432	2,945,172
Net realized and unrealized gains on investments	1,026,508	6,258,077	7,284,585
Other income, net	<u>32,145</u>	<u>24,976</u>	<u>57,121</u>
	3,110,593	13,454,424	16,565,017
Net assets released from restrictions	<u>9,770,038</u>	<u>(9,770,038)</u>	<u>-</u>
Total revenues, gains, and other support	12,880,631	3,684,386	16,565,017
EXPENSES			
Support for the University	9,131,586	-	9,131,586
Management and general	<u>180,689</u>	<u>-</u>	<u>180,689</u>
Total expenses	<u>9,312,275</u>	<u>-</u>	<u>9,312,275</u>
Change in net assets	3,568,356	3,684,386	7,252,742
Net assets – beginning of year	<u>13,096,801</u>	<u>77,370,344</u>	<u>90,467,145</u>
Net assets – end of year	<u>\$ 16,665,157</u>	<u>\$ 81,054,730</u>	<u>\$ 97,719,887</u>

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
STATEMENT OF CASH FLOWS
Year ended June 30, 2025

OPERATING ACTIVITIES

Tuition and fees	\$ 88,531,410
Grants, contracts, and gifts	28,370,803
Payments to suppliers	(72,928,762)
Payments for utilities	(9,702,245)
Payments to employees	(125,221,662)
Payments for benefits	(49,016,264)
Payments to students	(39,206,607)
Collections of loans to students and employees	220,775
Auxiliary enterprise charges	
Residence halls	17,676,552
Other	6,787,362
Sales and services of educational activities	8,560,748
Other receipts	<u>6,931,154</u>
Net cash used in operating activities	(138,996,736)

NONCAPITAL FINANCING ACTIVITIES

State appropriations	82,412,100
Other nonoperating revenues	<u>82,137,283</u>
Net cash provided by noncapital financing activities	164,549,383

CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(79,651,767)
Principal paid on bonds payable, finance purchase obligations	
RTU lease liability, and RTU SBITA liability	(10,471,808)
Interest paid on bonds payable, finance purchase obligations	
RTU lease liability, and RTU SBITA liability	(8,241,979)
Capital appropriations	<u>71,849,703</u>
Net cash (used in) provided by capital and related financing activities	(26,515,851)

INVESTING ACTIVITIES

Investment income	<u>1,891,911</u>
Net cash provided by investing activities	<u>1,891,911</u>

Increase in cash and cash equivalents 928,707

Cash and cash equivalents – beginning of year 71,846,182

Cash and cash equivalents – end of year \$ 72,774,889

Reconciliation to the Statement of Net Position

Cash and cash equivalents, current	\$ 49,134,554
Restricted cash and cash equivalents, noncurrent	<u>23,640,335</u>

Total cash and cash equivalents \$ 72,774,889

(Continued)

EASTERN KENTUCKY UNIVERSITY
STATEMENT OF CASH FLOWS
Year ended June 30, 2025

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$ (157,749,390)
Depreciation/amortization expense	27,168,534
Changes in operating assets and liabilities	
Accounts receivable – net	(839,815)
Loans to students – net	220,775
Inventories	(88,750)
Prepaid expenses	(339,679)
RTU lease assets	(1,353,988)
RTU SBITA assets	1,332,855
Accounts payable	5,851,195
Accrued liabilities	233,299
Refundable deposits	81,842
Assets held for others	(147,833)
Unearned revenue	(1,876,237)
RTU lease liabilities	1,380,641
RTU SBITA liabilities	(734,500)
Deferred outflows – KTRS/KERS Pension	9,168,591
Deferred outflows – KTRS/KERS OPEB	(174,996)
Deferred inflows – KTRS/KERS Pension	(776,353)
Deferred inflows – KTRS/KERS OPEB	(5,381,148)
Net pension liability	(13,095,297)
Net OPEB liability	<u>(1,876,482)</u>

Net cash flows used in operating activities \$ (138,996,736)

Supplemental cash flows information

Capital asset acquisitions in accounts payable	\$ 4,088,385
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See accompanying notes to financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

University employees also earn annual sick leave which is accrued at one day per month for full-time, fully benefited employees. Regular, part-time employees earn prorated sick leave based upon their part-time assignment. Sick leave may be accumulated and carried forward to future periods. There is no maximum on the amount of sick time an employee can earn. Accrued but unused sick leave is not paid out upon separation of employment. Under certain retirement systems, accumulated sick leave may count toward years of service upon retirement. The University has applied a LIFO (last in, first out) flows assumption for sick leave based on the historical pattern of usage and University policies and procedures surrounding the administration of sick leave.

During fiscal year 2025, the University implemented GASB Statement No. 101, Compensated Absences. This standard requires the recognition of liabilities for compensated absences related to leave that has been earned but not used and leave that has been used but not yet paid or otherwise settled. A liability is recognized for unused leave when it is attributable to services already rendered, accumulates, and is more likely than not to be taken as time off or settled through cash or non-cash means. Compensated absence liabilities are computed using the regular pay in effect as of June 30th and includes salary related benefits, including the employer share of FICA and Medicare.

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

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

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

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

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

Pensions and Other Postemployment Benefits (OPEB) – For purposes of measuring the net pension and OPEB liabilities, deferred outflows and inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement system (KTRS) and the Kentucky Employees Retirement System (KERS) and additions to /deductions from KTRS' and KERS' fiduciary net position have been determined on the same basis as they are reported by KTRS and KERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

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

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

(Continued)

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

Scholarship Discounts and Allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and on housing for the year ended June 30, 2025 was \$85,616,757 and \$8,849,005. Payments made directly to students are presented as student financial aid expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

Adoption of New Accounting Pronouncements – During fiscal year 2025, the University adopted the following accounting pronouncements:

- GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements and including salary-related payments. The University implemented this standard in the current period with no material impact to opening net position. The University has an accrued compensated absences liability of \$3,408,630 as of June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. There was no impact on the University's financial statements as a result of the implementation of this standard.

Recent Accounting Pronouncements – As of June 30, 2025, the GASB has issued the following statements not yet implemented by the University.

- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025.
- GASB Statement No. 105, *Subsequent Events*, effective periods beginning June 15, 2026, and after.

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

Subsequent Events – In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through February 13, 2026, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN

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

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

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

Deposits as of June 30, 2025 consisted of:

Depository accounts	
Local bank deposits – collateral held as a pledge in the University's name	\$ 31,938,225
Cash on hand	20,681
State investment pool – uninsured and uncollateralized	<u>40,815,983</u>
Total deposits	<u>\$ 72,774,889</u>

Deposits at June 30, 2025 as presented on the Statement of Net Position include:

Cash and cash equivalents	\$ 49,134,554
Restricted cash and cash equivalents	<u>23,640,335</u>
Total deposits	<u>\$ 72,774,889</u>

Investments at June 30, 2025 consisted of:

Restricted assets held by the Foundation	<u>\$ 26,438,391</u>
Total investments	<u>\$ 26,438,391</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

The assets in the Foundation investment pool at June 30, 2025 are invested as follows:

Percentage of pool invested in:	
Cash equivalents – trustee	2.95%
Registered investment companies equity funds	70.74
Registered investment companies fixed income funds	25.78
Alternative investments	<u>0.53</u>
 Total	 <u><u>100.00%</u></u>

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. Refer to Note 15 C. for a description of those investments.

The fair value of financial instruments as of June 30, 2025 is as follows:

Fair Value Measurements at June 30, 2025 Using:				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
Eastern Kentucky University Foundation, Inc.				
Investment fund at net asset value per share	\$ 26,438,391	\$ -	\$ -	\$ -
 Total investments	 \$ 26,438,391	 \$ -	 \$ -	 \$ -

(Continued)

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

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

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

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

Investment Income – Investment income for the years ended June 30, 2025 was \$3,656,430, consisting primarily of unrealized gains and loss of investments.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of estimated uncollectible amounts and consist of the following at June 30, 2025:

Student tuition and fees	\$ 10,973,989
Auxiliary enterprises	5,573,079
Federal, state and private grants and contracts	6,298,914
Other state agencies	2,067,345
Other	<u>6,622,611</u>
Total	31,535,938
Less allowance for uncollectible accounts	<u>(3,968,087)</u>
Accounts receivable – net	<u>\$ 27,567,851</u>

NOTE 4 – CAPITAL ASSETS

Under GASB Statement No. 87, *Leases*, the University recognized Right to Use (RTU) asset additions in fiscal year 2025, related to multi-year lease arrangements. These RTU assets are amortized over the shorter of the useful life of the asset or the lease term.

Under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, the University recognizes Right to Use (RTU) SBITA assets and corresponding subscription liabilities related to multi-year arrangements for IT software purchases.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

These are summarized in the schedules below.

Capital assets activity for the year ended June 30, 2025, is as follows:

	Balance - June 30, 2024	Additions	Reductions	Transfers	Balance – June 30, 2025
Capital assets not being depreciated/amortized					
Land	\$ 10,593,628	\$ -	\$ -	\$ -	\$ 10,593,628
Historical treasures and works of art	2,011,296	-	-	-	2,011,296
Livestock for educational purposes	365,148	-	(6,450)	-	358,698
Construction in progress	69,160,921	76,399,970	(112,309)	(9,621,986)	135,826,596
Total capital assets not being depreciated/amortized	82,130,993	76,399,970	(118,759)	(9,621,986)	148,790,218
Other capital assets					
Land improvements	67,019,371	-	-	1,766,282	68,785,653
Buildings	681,826,077	21,255	-	7,855,704	689,703,036
Leasehold improvements	125,577	-	-	-	125,577
Equipment	44,924,802	1,411,876	(53,943)	-	46,282,735
RTU lease assets	827,265	1,860,427	(212,040)	-	2,475,652
RTU SBITA assets	11,929,743	1,373,504	(2,792,691)	-	10,510,556
Library books	55,424,403	1,656,568	(64,410)	-	57,016,561
Total other capital assets	862,077,238	6,323,630	(3,123,084)	9,621,986	874,899,770
Less accumulated depreciated/amortized for					
Land improvements	(52,684,504)	(2,991,019)	-	-	(55,675,523)
Buildings	(267,867,741)	(16,892,181)	-	-	(284,759,922)
Leasehold improvements	(125,577)	-	-	-	(125,577)
Equipment	(33,921,255)	(2,708,955)	53,943	-	(36,576,267)
RTU lease assets	(388,063)	(506,442)	212,040	-	(682,465)
RTU SBITA assets	(7,243,398)	(2,779,186)	2,865,518	-	(7,157,066)
Library books	(48,098,957)	(1,463,868)	64,410	-	(49,498,415)
Total accumulated depreciated/amortized	(410,329,495)	(27,341,651)	3,195,911	-	(434,475,235)
Other capital assets – net	451,747,743	(21,018,021)	72,827	9,621,986	440,424,535
Total capital assets – net	\$ 533,878,736	\$ 55,381,949	\$ (45,932)	\$ -	\$ 589,214,753

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – UNEARNED REVENUE

Unearned revenue as of June 30, 2025 is as follows:

Unearned summer school revenue and activity fees	\$ 6,073,069
Unearned grants and contracts revenue, current	7,693,009
Unearned grants and contracts revenue, noncurrent	<u>14,671,672</u>
Total	<u>\$ 28,437,750</u>

NOTE 6 – BONDS PAYABLE AND FINANCE PURCHASE OBLIGATIONS

Long-term liabilities as of June 30, 2025, and long-term activity for the year ended June 30, 2025 are summarized as follows:

	Balance - July 1, 2024	Additions	Reductions	Refunding	Balance - June 30, 2025	Balance Due Within One Year
Revenue bonds payable	\$ 110,340,000	\$ -	\$ (4,525,000)	\$ -	\$ 105,815,000	\$ 4,750,000
General receipts refunding bonds	14,060,000	-	(2,110,000)	-	11,950,000	2,185,000
Finance purchase obligations	27,609,190	-	(863,244)	-	26,745,946	840,742
RTU lease liability	452,827	1,860,428	(479,788)	-	1,833,467	430,739
RTU SBITA liability	5,428,370	1,759,276	(2,493,776)	-	4,693,870	2,153,920
Unamortized bond premium	<u>3,886,856</u>	<u>-</u>	<u>(479,856)</u>	<u>-</u>	<u>3,407,000</u>	<u>440,648</u>
	<u>\$ 161,777,243</u>	<u>\$ 3,619,704</u>	<u>\$ (10,951,664)</u>	<u>\$ -</u>	<u>\$ 154,445,283</u>	<u>\$ 10,801,049</u>

General Receipts Revenue Bonds – On April 7, 2015, the University sold \$14,280,000 of Eastern Kentucky University General Receipt Bonds, Series 2015A, at a net interest cost of 3.26%. The proceeds of this bond issue provided funding for various athletic projects. The bonds mature in varying amounts through April 1, 2035. During fiscal year 2025, \$690,000 of principal and \$332,194 of interest were paid on the bonds. Total outstanding principal at June 30, 2025 was \$8,410,000.

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

During fiscal year 2025, \$390,000 of principal and \$32,738 of interest were paid on the bonds. Total outstanding principal at June 30, 2025 was \$815,000.

On April 5, 2017, the University sold \$46,140,000 of Eastern Kentucky University General Receipt Bonds, Series 2017A, at an adjusted true interest cost of 3.43%. The bonds mature in varying amounts through April 1, 2037. During fiscal year 2025, \$2,035,000 of principal and \$1,325,156 of interest were paid on the bonds. Total outstanding principal at June 30, 2025 was \$32,270,000.

On January 23, 2018, the University sold \$21,860,000 of Eastern Kentucky University General Receipt Bonds, Series 2018A, at an adjusted true interest cost of 3.03%. The bonds mature in varying amounts through October 1, 2037. During fiscal year 2025, \$910,000 of principal and \$662,663 of interest were paid on the bonds. Total outstanding principal at June 30, 2025 was \$16,345,000.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

During fiscal year 2025, \$600,000 of principal and \$101,700 of interest were paid on these bonds. Total outstanding principal at June 30, 2025 was \$1,980,000.

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

During fiscal year 2025, \$1,120,000 of principal and \$380,025 of interest were paid on these new bonds. Total outstanding principal at June 30, 2025 was \$9,155,000.

On August 2, 2022, the University sold \$50,530,000 of Eastern Kentucky University General Receipt Bonds, 2022 Series A, at an adjusted true interest cost of 4.10%. The bonds mature in varying amounts through April 1, 2052. The bonds were issued as a new borrowing for housing renovations. During fiscal year 2025, \$890,000 of principal and \$2,167,994 of interest were paid on these bonds. Total outstanding principal at June 30, 2025 was \$48,790,000.

RTU Lease Liabilities and RTU SBITA Liability – In accordance with GASB 87, the University recognized additional RTU lease liability in the amount of \$1,840,428 for 2025. The RTU lease liability is calculated at the present value of the remaining lease payments, with a discount range of 0.17% to 4.07%. The lease asset recorded is amortized over the shorter of the useful life of the asset or the lease term. These leases are used to procure the right to use equipment, facility improvements, and property. For the year ended June 30, 2025, the University recognized interest expense of \$72,697.

In accordance with GASB 96, the University recognized additional RTU SBITA liability in the amount of \$1,759,276 for 2025. The RTU SBITA liability is calculated at present value of the remaining lease payments with a discount range of 0.25% to 4.06%. The lease asset recorded is amortized over the shorter of the useful life of the asset or the lease term. These types of leases are used to procure the right to use software such as the University's enterprise resource planning system, academic delivery software, procurement software, and the University's CRM software. For the year ended June 30, 2025, the University recognized interest expense of \$63,971.

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,584,659	\$ 97,722	\$ 2,682,381
2027	2,325,880	48,014	2,373,894
2028	973,316	24,642	997,958
2029	338,650	12,251	350,901
2030	75,809	5,034	80,843
2031-2035	98,131	18,705	116,836
2036-2040	96,530	8,701	105,231
2041-2042	<u>34,362</u>	<u>578</u>	<u>34,940</u>
	<u>\$ 6,527,337</u>	<u>\$ 215,647</u>	<u>\$ 6,742,984</u>

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

In addition to Grand Campus, lockers for mail purposes, and laptops for faculty/staff, the University recognized an additional finance purchase in FY24 for equipment needed for various campus areas. During fiscal year 2025, \$863,244 of principal and \$3,239,772 of interest were paid on the finance lease outstanding obligations.

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

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,216,390	\$ 7,967,401	\$ 16,183,791
2027	7,851,977	7,673,072	15,525,049
2028	7,724,509	7,404,931	15,129,440
2029	7,075,976	7,148,981	14,224,957
2030	7,317,974	6,950,737	14,268,711
2031-2035	37,183,547	30,293,051	67,476,598
2036-2040	25,041,605	22,340,123	47,381,728
2041-2045	21,552,560	16,352,671	37,905,231
2046-2050	20,181,560	6,044,385	26,225,945
2051-2052	<u>5,771,848</u>	<u>348,199</u>	<u>6,120,047</u>
	<u>\$ 147,917,946</u>	<u>\$ 112,523,551</u>	<u>\$ 260,441,497</u>

Assets under finance purchase obligations totaled \$26,745,946 at June 30, 2025. This includes Grand Campus Properties as well as other finance purchase obligations.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – SERVICE CONCESSION ARRANGEMENT

On February 8, 2016, the University entered into an agreement with a third party that qualifies for treatment as a service concession arrangement as defined in GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Under the terms of the agreement, the University leases land to the third party and the third party constructed student housing, whereby the University is the owner of the constructed building with no obligation for construction costs. Once construction of the building was complete and ready for use, the University leased it back to the third party and entered into a manage and maintain agreement for cost and revenue sharing. Due to the age and condition of the current housing stock, the University entered the agreement with the expectation of attracting more students and to retain current students. The buildings were completed in July 2017 and recorded as a capital asset with a book value of \$71,107,507, and a useful life of 40 years. As of June 30, 2025, the buildings had a net book value of \$57,034,146 and the service concession had a carrying balance of \$52,145,505.

NOTE 8 – DESIGNATIONS OF UNRESTRICTED NET POSITION

Unrestricted net position is designated for specific purposes by action of the Board or University management or may otherwise be limited by contractual agreements. Commitments for the use of unrestricted net position at June 30, 2025 is as follows:

Inventories	\$ 369,087
Outstanding encumbrances	1,782,586
Departmental commitments	3,488,360
Designated projects and contingency reserves	35,991,723
Health care self-insurance reserve	3,000,000
Auxiliary working capital	(6,228,942)
University capital projects	1,000,000
KTRS Pension	(93,398,711)
KERS Pension	(127,885,061)
KTRS OPEB	(18,065,793)
KERS OPEB	<u>(5,360,341)</u>
Total	<u>\$ (205,307,092)</u>

NOTE 9 – ASSETS HELD BY OTHERS

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

The total fair market value of the Eastern Kentucky University RUETF and POD endowment as of June 30, 2025 was \$26,438,391.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – ASSETS HELD BY OTHERS (Continued)

The portion of the RUETF endowment representing the value of the funding received from the Kentucky General Assembly, plus unexpended earnings thereon, was \$23,894,659 as of June 30, 2025, and is included in restricted assets held by the Foundation (see Note 2).

The fair market value of the Eastern Kentucky University POD endowments as of June 30, 2025 was \$2,543,732, and is included in restricted assets held by the Foundation (see Note 2).

NOTE 10 – RELATED-PARTY TRANSACTIONS

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

Funds disbursed by the University on behalf of the Foundation:	
For employee salaries and benefits	\$ 1,445,153
For other expenses	4,750,311
For scholarships	2,777,107
Funds held by the Foundation on behalf of or for the benefit of the University as of June 30	26,438,391
Funds due to the University by the Foundation	166,240

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

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

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling (502) 573-3266, or visiting the website at <https://trs.ky.gov/>.

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Pension Plan Information

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

	Tier 1 Participation Prior to <u>July 1, 2008</u>	Tier 2 Participation on or After <u>July 1, 2008</u>
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Tier 3

Members on and after January 1, 2022

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

Amount of Allowance

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

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

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

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

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

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

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

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Tier 3

Members on and after January 1, 2022

**Benefits Payable on
Separation from Service**

Any member who ceases to be in service is entitled to receive his contributions with allowable interest. A member who has completed 5 years of creditable service and leaves his contributions with the System may be continued in the membership of the System after separation from service, and file application for service retirement after the attainment of age 60.

Life Insurance

A separate Life Insurance fund has been created as of June 30, 2000 to pay benefits on behalf of deceased TRS active and retired members.

Contributions – Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2025, University employees were required to contribute from 8.185% to 9.775% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865% (13.055% allocated to pension, 2.780% allocated to medical insurance and 0.030% allocated to life insurance) of covered payroll for the fiscal year ended June 30, 2025. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal year ended June 30, 2025. Total current year contributions recognized by the Plan were \$8,424,283 (\$7,075,075 related to pension and \$1,349,208 related to OPEB) for the year ended June 30, 2025. The OPEB contributions amount does not include the implicit subsidy. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$7,816,757 for the year ended June 30, 2025.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2025, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

University's proportionate share of the net pension liability	\$ 97,786,056
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	<u>108,504,216</u>
	<u>\$ 206,290,272</u>

The net pension liability was measured as of June 30, 2024. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2025, University's proportion was 0.57%, and the Commonwealth of Kentucky's proportion associated with the University was 0.63%.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

For the years ended June 30, 2025, the University was allocated pension expense of \$3,835,390 and revenue of \$11,232,455. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 2,287,621
Change in assumptions	455,851	-
Differences between expected and actual experience	-	1,225,367
Changes in proportionate share of contributions	<u>3,660,677</u>	<u>3,291,272</u>
	4,116,528	6,804,260
Contributions subsequent to the measurement date	<u>7,075,075</u>	<u>-</u>
	<u>\$ 11,191,603</u>	<u>\$ 6,804,260</u>

At June 30, 2025, the University reported \$7,075,075 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2025, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ (3,476,248)
2026	4,675,637
2027	(2,567,905)
2028	<u>(1,319,216)</u>
	<u>\$ (2,687,732)</u>

Actuarial assumptions – The total pension liability in the June 30, 2024, measurement was determined by using the following actuarial valuations, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25.4 years
Inflation	2.50%
Salary increases	3.00% - 7.50%, average, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the Pub2010 (Teachers Benefited-Weighted) Mortality Table projected generationally with adjustments for each of the groups: service, retirees, contingent annuitants, disabled retiree, and active members.

The actuarial assumptions used in the June 30, 2023 were based on the results of an actuarial experience study for the period June 30, 2020.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Large Cap U.S. Equity	35.40%	5.0%
Small Cap U.S. Equity	2.60	5.5
Developed International Equity	15.70	5.5
Emerging Markets Equity	5.30	6.1
Fixed Income	15.00	1.9
High Yield Bonds	5.00	3.8
Other Additional Categories	5.00	3.6
Real Estate	7.00	3.2
Private Equity	7.00	8.0
Cash	<u>2.00</u>	1.6
Total	<u>100.00%</u>	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – There were no changes in actuarial assumptions or benefits terms since the prior measurement date.

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

Discount Rate – The discount rate used to measure the TPL was 7.10 percent at the June 30, 2024 measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate – The following tables present the net pension liability of the University as of June 30, 2025, calculated using the discount rate, as well as what the University's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate (7.10%)	1% Increase <u>(8.10%)</u>
Proportionate share of the Collective Net Pension Liability (<i>in thousands</i>)	\$ 127,452	\$ 97,786	\$ 73,118

(Continued)

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

Medical Insurance Plan

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

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. For the year ended June 30, 2025, the University contributed \$1,328,151 to the KTRS medical insurance plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2025, the University reported a liability of \$16,311,000, for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2024. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2025, the University's proportion was 0.73% and the Commonwealth of Kentucky's proportion associated with the University was 0.38%.

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

	<u>2025</u>
University's proportionate share of the net OPEB liability	\$ 16,311,000
State's proportionate share of the net OPEB liability associated with the University	<u>8,363,000</u>
Total	<u>\$ 24,674,000</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

For the years ended June 30, 2025, the University was allocated OPEB expense of \$(1,861,402) and revenue of \$36,000 for support provided by the State. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,898,000
Changes of assumptions	4,154,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	523,000
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>5,725,000</u>	<u>7,107,000</u>
	9,879,000	12,528,000
University contributions subsequent to the measurement date	<u>1,328,151</u>	<u>-</u>
Total	<u>\$ 11,207,151</u>	<u>\$ 12,528,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,328,151 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2026	\$ (980,000)
2027	215,000
2028	49,000
2029	(850,000)
2030	(913,000)
Thereafter	<u>(170,000)</u>
	<u>\$ (2,649,000)</u>

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Investment rate of return	7.10% net of OPEB plan investment expense, including inflation.
Salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Healthcare cost trend rate	6.5% decreasing to ultimate trend rate of 4.50% by FY2031.
Medicare Part B premiums	5.92% for FY24 with an ultimate rate of 4.50% by FY2035.
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%, net of investment expense, including inflation.

(Continued)

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

Mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward.

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

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

	June 30, 2025	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60	5.50
Developed International Equity	15.00	5.50
Emerging Markets Equity	5.00	6.10
Fixed Income	9.00	1.90
High Yield Bonds	8.00	3.80
Other Additional Categories	9.00	3.70
Real Estate	6.50	3.20
Private Equity	8.50	8.00
Cash	1.00	1.60
Total	100.00%	

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

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the MIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	June 30, 2025		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB liability (MI) (in thousands)	\$ 21,670	\$ 16,311	\$ 11,871

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

	June 30, 2025		
	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability (in thousands)	\$ 11,018	\$ 16,311	\$ 22,888

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

Life Insurance Plan

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

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

Contributions – In order to fund the post-retirement life insurance benefit, 0.03 percent of the gross annual payroll of members is contributed by the state. In addition, KCTCS contributes 0.04 percent of each participants covered compensation. For the years ended June 30, 2025, the University contributed \$21,056 to the KTRS life insurance plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2025, the University reported a liability of \$367,000 for its proportionate share of the collective net OPEB liability, respectively. The collective net OPEB liability was measured as of June 30, 2024. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2025, the University's proportion was 1.50%.

For the years ended June 30, 2025, the University was allocated OPEB expense of \$(22,927). At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 7,000	\$ 38,000
Changes of assumptions	-	35,000
Net difference between projected and actual earnings on OPEB plan investments	16,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>13,000</u>	<u>51,000</u>
	36,000	124,000
University contributions subsequent to the measurement date	<u>21,056</u>	<u>-</u>
Total	<u>\$ 57,056</u>	<u>\$ 124,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$21,056 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2026	\$ (34,000)
2027	26,000
2028	(36,000)
2029	(18,000)
2030	(11,000)
Thereafter	<u>(15,000)</u>
	<u>\$ (88,000)</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Investment rate of return	7.10% net of OPEB plan investment expense, including inflation
Salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%, net of investment expense, including inflation.

Mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

	June 30, 2025	
	Target	Long Term
	Asset Class	Expected Real Allocation Rate of Return
U.S. Equity	40.00%	5.20%
Developed International Equity	15.00	5.50
Emerging Markets Equity	5.00	6.10
Fixed Income	21.00	1.90
Other Additional Categories	5.00	4.00
Real Estate	7.00	3.20
Private Equity	5.00	8.00
Cash	2.00	1.60
Total	<u>100.00%</u>	

(Continued)

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

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

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

	June 30, 2025		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
University's net OPEB (LI) liability (<i>in thousands</i>) \$	629	\$ 367	\$ 154

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

Kentucky Employees Retirement System

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

KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website a.

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

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

Non-Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	3 highest salaries; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 26 years = 2.25%. Greater than 25 years = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 20 years of service. Age 55 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.
Reduced Retirement Benefit	Age 50 with 15 years of service.	Age 50 with 15 years of service.	No reduced retirement benefit.

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

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

Benefit Eligibility: Recipient of a retirement allowance

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

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

(Continued)

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

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

Benefit: The system provides a monthly contribution subsidy of \$10 (Non-hazardous) and \$15 (Hazardous) for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

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

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

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

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

For the fiscal year ended June 30, 2025, participating employers in the Nonhazardous plan contributed 8.44% (6.99% allocated to pension and 1.45% allocated to OPEB) as set by KRS, of each Nonhazardous employee's creditable compensation. For the fiscal year ended June 30, 2025, participating employers in the Hazardous plan contributed 23.74% (23.74% allocated to pension and 0% allocated to OPEB), of each Hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings. The University met 100% of the contribution funding requirement for the fiscal year ended June 30, 2025. Total current year contributions recognized by the Plan were \$13,234,092 (\$12,048,037 related to pension and \$1,186,055 related to OPEB) for the year ended June 30, 2025. The OPEB contribution amounts do not include the implicit subsidy reported in the amount of \$2,865 for the year ended June 30, 2025.

Members whose participation began before 9/1/2008:

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

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

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

(Continued)

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

Members whose participation on or after 1/1/2014

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Pension Information

Total Pension Liability: The total pension liability (TPL) for KERS measured as of June 30, 2024 was determined using the actuarial valuation as of June 30, 2023. This valuation used the following actuarial methods and assumptions applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Experience study	July 1, 2013 – June 30, 2018
Actuarial cost method	Entry age normal
Amortization period	Level percent of pay
Remaining amortization period	30 year closed period beginning June 20, 2019
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.3%
Salary increase	3.3% to 15.30%, varies by service for KERS Non-Hazardous, 3.55% to 20.05%, varies by service for KERS Hazardous
Investment rate of return	5.25 percent for KERS Non-Hazardous, 6.25 percent for KERS Hazardous

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

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) and 6.25% (Hazardous), which remained the same from prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.
- (d) **Municipal Bond Rate:** The discount rate determination does not use a municipal bond rate.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

- (e) **Periods of Projected Benefit Payments:** The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.
- (f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Non-hazardous

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	30.0%	4.15%
Private Equity	6.00	9.10
Core Fixed Income	27.00	2.85
Specialty Credit	20.00	3.82
Cash	2.00	1.70
Real Estate	5.00	4.90
Real Return	<u>10.00</u>	5.35
Total	<u>100.00%</u>	

Hazardous

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	40.0%	4.15%
Private Equity	8.00	9.10
Core Fixed Income	10.00	2.85
Specialty Credit	25.00	3.82
Cash	2.00	1.70
Real Estate	7.00	4.90
Real Return	<u>8.00</u>	5.35
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 5.25% (Non-hazardous) and 6.25% (Hazardous) based on a blending of the factors described above.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the University's allocated portion of the Non-hazardous net pension liability ("NPL") of the System, calculated using the discount rate, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	June 30, 2025		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous (in thousands)	\$ 159,834	\$ 138,077	\$ 120,053

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

	June 30, 2025		
	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous (in thousands)	\$ 3,103	\$ 2,141	\$ 1,366

Employer's Portion of the Collective Net Pension Liability: The University's proportionate share of the Non-hazardous net pension liability, as indicated in the prior table, is \$138,077,369, or approximately 1.15% as of June 30, 2025. The University's proportionate share of the Hazardous net pension liability, as indicated in the prior table, is \$2,140,628, or approximately 0.57% as of June 30, 2025. The net pension liabilities were distributed based on fiscal year 2024 actual employer contributions to the plan.

Measurement Date: June 30, 2023 is the actuarial valuation date for the June 30, 2024 measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: There were no changes in assumptions or in benefit terms from the previous valuation.

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

Pension Expense: The University was allocated pension expense of and \$(8,034,802) related to the KERS Non-Hazardous \$(503,647) related to the KERS Hazardous for the years ended June 30, 2025.

(Continued)

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

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

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2025</u>		
Difference between expected and actual experience	\$ 2,059,891	\$ -
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	442,091
Differences between expected and actual investment earning on plan investments	-	1,165,008
	<u>2,059,891</u>	<u>1,607,099</u>
Contributions subsequent to the measurement date	<u>11,670,067</u>	<u>-</u>
Total	<u>\$ 13,729,958</u>	<u>\$ 1,607,099</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$11,670,067 will be recognized as a reduction of net pension liability in the following fiscal year. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2026	\$ 1,000,429
2027	276,309
2028	(468,706)
2029	<u>(355,240)</u>
	<u>\$ 452,792</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2025</u>		
Difference between expected and actual experience	\$ 120,382	\$ -
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	199,394
Differences between expected and actual investment earning on plan investments	-	88,879
	120,382	288,273
Contributions subsequent to the measurement date	377,970	-
Total	<u>\$ 498,352</u>	<u>\$ 288,273</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$377,970 will be recognized as a reduction of net pension liability in the year ending June 30, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2026	\$ (76,968)
2027	40,351
2028	(80,301)
2029	(50,973)
	<u>\$ (167,891)</u>

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

OPEB Information

Total OPEB Liability: The total OPEB liability was measured as of June 30, 2024 and determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
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June 30, 2025

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

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

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 6.0% as of June 30, 2024, an increase from the 5.94% discount rate used in the prior year. The discount rate used to measure the total Hazardous OPEB liability was 5.99% as of June 30, 2024, an increase from the 5.94% discount rate used in the prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.
- (e) **Assumed Asset Allocations:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	40.00%	4.15%
Private Equity	8.00	9.10
Core Fixed Income	10.00	2.85
Specialty Credit	25.00	3.82
Cash	2.00	1.70
Real Estate	7.00	4.90
Real Return	<u>8.00</u>	5.35
Total	<u>100.00%</u>	

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

(Continued)

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

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

Non-hazardous

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

	June 30, 2025		
	1% Decrease (<u>5.0%</u>)	Current Discount Rate (<u>6.0%</u>)	1% Increase (<u>7.0%</u>)
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 6,626	\$ 4,795	\$ 3,248

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

	June 30, 2025		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 3,557	\$ 4,795	\$ 6,230

Hazardous

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

	June 30, 2025		
	1% Decrease (<u>4.99%</u>)	Current Discount Rate (<u>5.99%</u>)	1% Increase (<u>6.99%</u>)
The University's Net OPEB (asset) liability – Hazardous (<i>in thousands</i>)	\$ (1,039)	\$ (1,347)	\$ (1,602)

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

	June 30, 2025		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB (asset) liability – Hazardous (<i>in thousands</i>)	\$ (1,526)	\$ (1,347)	\$ (1,137)

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is \$4,795,450 or approximately 0.66% as of June 30, 2025. The University's proportionate share of the Hazardous net OPEB liability (asset), as indicated in the prior table, is \$(1,346,763) or approximately 0.57% as of June 30, 2025. The net OPEB liabilities were distributed based on 2024 actual employer contributions to the plan.

Measurement Date: June 30, 2023 is the actuarial valuation date and June 30, 2024 is the measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: For the June 30, 2024 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.94% to 6.00% for the nonhazardous plan and from 5.94% to 5.99% for the hazardous plan.

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

OPEB Expense: The University was allocated OPEB expense of \$(5,176,953) related to the KERS Non-Hazardous and \$(371,344) related to the KERS Hazardous for the year ended June 30, 2025.

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

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
2025		
Difference between expected and actual experience	\$ 376,666	\$ 3,964,692
Change of assumptions	292,770	175,522
Changes in proportion and differences between employer contributions and proportionate shares of contributions	3,652,675	2,156,228
Differences between expected and actual investment earning on plan investments	-	356,060
	4,322,111	6,652,502
Contributions subsequent to the measurement date	1,247,062	-
Total	\$ 5,569,173	\$ 6,652,502

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$1,247,062, which includes the implicit subsidy reported of \$179,602, will be recognized as a reduction of net OPEB liability in the following fiscal year. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2026	\$ (3,331,601)
2027	559,864
2028	536,227
2029	<u>(94,881)</u>
	<u>\$ 2,330,391</u>

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2025</u>		
Difference between expected and actual experience	\$ 34,515	\$ 671,779
Change of assumptions	71,859	100,486
Changes in proportion and differences between employer contributions and proportionate shares of contributions	908	19,584
Differences between expected and actual investment earning on plan investments	<u>-</u>	<u>146,624</u>
	107,282	938,473
Contributions subsequent to the measurement date	<u>2,865</u>	<u>-</u>
Total	<u>\$ 110,147</u>	<u>\$ 938,473</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$0 which include the implicit subsidy of \$2,865, will be recognized as a reduction of net OPEB liability in the following fiscal year. The remainder of the deferred outflows and deferred inflows of resources will be amortized and recognized in the University's OPEB expense as follows:

Year ending June 30:	
2026	\$ (370,619)
2027	(264,786)
2028	(165,300)
2029	<u>(30,486)</u>
	<u>\$ (831,191)</u>

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Summary Pension Plan Information:

Summary Pension Plan Information as of June 30, 2025:

	<u>KERS</u>	<u>KTRS</u>	<u>Total</u>
<u>2025</u>			
Net pension liability	\$ 140,217,997	\$ 97,786,056	\$ 238,004,053
Deferred outflows of resources	14,228,310	11,191,603	25,419,913
Deferred inflows of resources	1,895,372	6,804,260	8,699,632
Pension expense adjustments	(8,538,449)	3,835,390	(4,703,059)

Summary OPEB Plan Information:

Summary OPEB Plan Information as of June 30, 2025:

	<u>KERS</u>	<u>KTRS</u>	<u>Total</u>
<u>2025</u>			
Net OPEB liability	\$ 3,448,687	\$ 16,678,000	\$ 20,126,687
Deferred outflows of resources	5,679,320	11,264,207	16,943,527
Deferred inflows of resources	7,590,975	12,652,000	20,242,975
OPEB expense adjustments	(5,548,297)	(1,884,329)	(7,432,626)

NOTE 12 – RISK MANAGEMENT

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

The University maintains a self-insurance program for employee's health insurance. Under this plan, the University pays premiums based on estimated claims. The University pays approximately 75% of the expenses of the plan for permanent full-time employees and their families. Expenses incurred to cover claims paid by the University under the plan for year ended June 30, 2025 totaled \$17,382,718. Administrative fees incurred for the years ended June 30, 2025 were \$403,851. Self-insurance liability is recorded within accrued salaries and benefits on the statement of net position.

Changes in the liability for self-insurance at June 30, 2025 are as follows:

Liability – beginning of year	\$ 167,395
Accruals for current year claims and changes in estimate	14,152,531
Claims paid	(17,382,718)
Other costs	<u>3,232,178</u>
Liability – end of year	<u>\$ 169,386</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Construction Commitments – The estimated cost to complete construction projects under contract at June 30, 2025, is approximately \$204,312,961. The projects are to be financed principally by appropriations from the Commonwealth, proceeds from bonds, internal funds and gifts.

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

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

NOTE 14 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the year ended June 30, 2025 is as follows:

Salaries and wages	\$ 125,305,504
Employee benefits	49,165,721
Supplies and other services	68,121,182
Travel	4,826,444
Depreciation and amortization	27,168,534
Student scholarships and financial aid	39,206,607
Utilities	9,702,245
Pension expense adjustments	(4,703,059)
OPEB expense adjustments	(7,432,626)
Other operating expenses	<u>5,881,077</u>
Total	<u>\$ 317,241,629</u>

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – With the exception of short-term debt instruments which have been designated for investment purposes, the Foundation considers all highly liquid instruments with original maturities when purchased of three months or less to be cash equivalents. Throughout the year, the Foundation's cash and cash equivalents balances typically exceed the amount insured by the Federal Deposit Insurance Corporation. At June 30, 2025, uninsured bank balances total approximately \$13,001,000.

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

Alternative investments, consisting of limited partnerships, are carried at estimated fair value provided by the management of the alternative investment funds as of year-end, which is equivalent to net asset value (NAV). Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. The estimated fair value of the Foundation's alternative investments total approximately \$581,000 as of June 30, 2025.

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

(Continued)

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

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

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

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

The Foundation reviews for the impairment of long-lived assets subject to depreciation whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. No such impairment losses have been recognized with respect to the year ended June 30, 2025.

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits or liabilities will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit or liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit or liability will be recorded. Management is not aware of any tax benefits or liabilities which would warrant recognition as of June 30, 2025.

The Foundation would recognize interest and penalties related to uncertain tax positions in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2025.

(Continued)

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

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

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Foundation's exposure to foreign currency risk derives from pooled non-U.S. equities investments with a fair value totaling approximately \$22,900,000 as of June 30, 2025. The Foundation's endowment investment policy allows managers to invest a portion of funds in non-U.S. securities in accordance with the guidelines established in the investment policy.

Subsequent Events – Management has performed an analysis of the activities and transactions subsequent to year-end to determine the need for any adjustments to and/or discussions within the accompanying financial statements as of and for the year ended June 30, 2025. Management has performed its analysis through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows at June 30, 2025:

Financial assets	
Cash and cash equivalents	\$ 13,513,529
Investments	107,967,617
Pledges receivable – net	<u>2,133,709</u>
	123,614,855
Less amounts not available to be used within one year or amounts not available without Board approval	
Assets held for others	(26,438,391)
Board designated endowment net assets	(14,786,626)
Donor restricted net assets for use in future periods	(37,119,146)
Donor restricted net assets in perpetuity	(43,935,584)
Endowment spend/appropriations	<u>3,005,722</u>
Total financial assets available for general expenditure	<u>\$ 4,340,830</u>

(Continued)

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

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

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

The fair value of financial instruments as of June 30, 2025 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 3,216,427	\$ 3,216,427	\$ -	\$ -
Equities	76,396,260	76,396,260	-	-
Fixed income	27,774,217	27,774,217	-	-
Alternatives				
Limited partnerships	580,713	-	-	580,713
Totals	<u>\$ 107,967,617</u>	<u>\$ 107,386,904</u>	<u>\$ -</u>	<u>\$ 580,713</u>

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

(Continued)

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

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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

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

The following table provides additional information as of June 30, 2025 relative to alternative investments:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships	\$ 580,713	\$ 552,913	fund dissolved	N/A

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

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

(Continued)

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

C. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The year ended June 30, 2025 activity with respect to the investments reflected as Level 3 is as follows:

	2025
Beginning of year	\$ 586,964
Net realized and unrealized gains (losses) on investments	23,593
Net sales of investments	(29,844)
End of year	<u>\$ 580,713</u>

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

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

D. ENDOWMENT

The Foundation's endowment consists of approximately 515 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the Foundation's Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Foundation's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

D. ENDOWMENT (Continued)

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

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

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the "historic dollar value" level the Foundation is required to preserve as a fund of perpetual duration. At June 30, 2025, there are no such individual donor restricted endowment funds that are below their respective "historic dollar value" level.

At June 30, 2025, endowment funds consist of the following:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Board designated	\$ 14,786,626	\$ -	\$ -	\$ 14,786,626
Donor restricted	-	30,500,627	42,774,944	73,275,571
Totals	\$ 14,786,626	\$ 30,500,627	\$ 42,774,944	\$ 88,062,197

Changes in endowment funds for the year ended June 30, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Beginning of year	\$ 11,584,117	\$ 26,387,733	\$ 40,525,864	\$ 78,497,714
Contributions	1,037,613	324,076	2,249,080	3,610,769
Investment return				
Net investment income	258,522	2,130,668	-	2,389,190
Net realized and unrealized appreciation	1,026,508	6,119,635	-	7,146,143
Board designated endowment assets	1,216,799	-	-	1,216,799
Appropriation of endowment assets for expenditure	(336,933)	(4,461,485)	-	(4,798,418)
End of year	\$ 14,786,626	\$ 30,500,627	\$ 42,774,944	\$ 88,062,197

(Continued)

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

D. ENDOWMENT (Continued)

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

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

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

E. PLEDGES RECEIVABLE

At June 30, 2025, net pledges receivable consists of the following:

	Without Donor Restrictions	With Donor Restrictions		
		Purpose Restrictions	In Perpetuity	Total
Current pledges receivable				
Estimated to be collected in less than one year	\$ -	\$ 504,181	\$ 507,287	\$ 1,011,468
Less allowance	-	(40,300)	(40,600)	(80,900)
	<u>\$ -</u>	<u>\$ 463,881</u>	<u>\$ 466,687</u>	<u>\$ 930,568</u>
Long-term pledges receivable				
Estimated to be collected in one to five years	\$ -	\$ 594,988	\$ 829,953	\$ 1,424,941
Estimated to be collected thereafter	-	-	-	-
Less allowance	-	(47,600)	(66,400)	(114,000)
Less discounts to net present value	-	(38,200)	(69,600)	(107,800)
	<u>\$ -</u>	<u>\$ 509,188</u>	<u>\$ 693,953</u>	<u>\$ 1,203,141</u>
Totals	<u>\$ -</u>	<u>\$ 973,069</u>	<u>\$ 1,160,640</u>	<u>\$ 2,133,709</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

F. PROPERTY AND EQUIPMENT

At June 30, 2025, net property and equipment consist of the following:

	2025	
Land	\$ 250,000	.
Buildings and building improvements	733,000	.
	983,000	
Less accumulated depreciation	(231,596)	.
Total property and equipment - net	<u>\$ 751,404</u>	:

Depreciation expense for the year ended June 30, 2025, totals approximately \$14,000.

G. DEFERRED GIFT LIABILITIES

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

The accompanying statements of financial position reflect a liability at June 30, 2025, totaling \$223,612, which represents the estimated present value of the future annuity obligations calculated using discount rates ranging from 5.5% to 6.4%. The actuarial related assumptions used in calculating the respective present values include the beneficiary's age and life expectancy, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate at the date of the contribution determined in accordance with the Code. The carrying amount of the deferred gift liabilities estimates fair value and is calculated using Level 3 inputs (see also Note 15C).

The year ended June 30, 2025 activity with respect to deferred gift liabilities is as follows:

	2025	
Beginning of year	\$ 249,986	.
New deferred gifts	-	
Payment obligations	(41,877)	
Net reduction attributable to death of donors	(4,924)	
Net actuarial change	20,427	.
End of year	<u>\$ 223,612</u>	:

At June 30, 2025, investments relative to such deferred gift liabilities total \$899,068.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

H. ASSETS HELD FOR OTHERS

Assets held for others represent resources in the possession of, but not under the control of, the Foundation. At June 30, 2025, assets held for others consist of the following:

	2025	
Regional University Endowment Trust Fund	\$ 23,894,659	
Programs of Distinction	2,543,732	
Total assets held for others	<u>\$ 26,438,391</u>	

I. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025, net assets with donor restrictions consist of the following:

	2025	
Subject to expenditure for specified purposes:		
Scholarships program	\$ 761,194	
Academic programs	728,139	
Athletic programs	313,595	
Capital projects	464,265	
Other	34,851,953	
Total net assets with donor restrictions - purpose restrictions	<u>37,119,146</u>	
Endowment to be maintained in perpetuity:		
Scholarships program	31,941,875	
Academic programs	10,972,888	
Athletic programs	34,899	
Capital projects	450,135	
Other	535,787	
Total net assets with donor restrictions - perpetual in nature	<u>43,935,584</u>	
Total net assets with donor restrictions	<u>\$ 81,054,730</u>	

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

J. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following for the year ended June 30, 2025:

	<u>2025</u>	
Purposes restrictions satisfied/time		.
restrictions expired:		
Scholarships program	\$ 2,773,331	
Academic programs	2,894,143	
Athletic programs	662,619	
Capital projects	224,142	
Other support for the University	3,215,803	.
	<u>\$ 9,770,038</u>	:
Total net assets released from restrictions		

K. FUNCTIONAL EXPENSE CLASSIFICATION

The Foundation's expenses by functional classification for the year ended June 30, 2025, are as follows:

	<u>2025</u>	
Program services - support for the University:		.
Scholarships program	\$ 2,777,107	
Academic programs	2,950,307	
Athletic programs	662,619	
Capital projects	224,142	
Other	2,503,287	
Depreciation	14,124	.
Total program services - support for the University	<u>\$ 9,131,586</u>	:
Management and general		
Professional and consulting fees	\$ 139,839	
Other	40,850	.
Total management and general	<u>\$ 180,689</u>	:
Total expenses	<u>\$ 9,312,275</u>	:

L. CONCENTRATIONS

At June 30, 2025, approximately 40% of total outstanding gross pledges receivable are due between three donors (approximately 20%, 10%, and 10%, respectively).

No such contributions revenue related concentration exists with respect to the year ended June 30, 2025.

(Continued)

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

M. RELATED PARTY TRANSACTIONS

Eastern Kentucky University – The University provides various administrative services to the Foundation. In addition, during the year ended June 30, 2025, the University expended \$2,777,107 and \$1,445,153 on behalf of the Foundation with respect to scholarships and employee salaries/related benefits, respectively. Such amounts are ultimately reimbursed by the Foundation. At June 30, 2025, the amount due to the University on the accompanying statements of financial position totals \$166,240.

Other – At June 30, 2025, outstanding gross pledges receivable due from related parties (members of the University's Board of Regents, the Foundation's Board of Directors, or employees of the University) total \$105,625. Such gross pledges receivable amounts are included in the amounts reflected in Note 15E.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(in thousands)
June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
KERS – Non-Hazardous										
University's proportion of the net pension liability	1.15%	1.16%	1.17%	0.64%	0.64%	1.08%	1.45%	1.75%	1.82%	1.71%
University's proportionate share of the net pension liability	\$ 138,077	\$ 143,002	\$ 155,696	\$ 156,043	\$ 90,233	\$ 152,149	\$ 197,366	\$ 234,290	\$ 207,489	\$ 171,780
University's covered payroll	\$ 6,751	\$ 5,676	\$ 5,081	\$ 4,694	\$ 9,083	\$ 15,504	\$ 24,966	\$ 26,630	\$ 29,378	\$ 27,312
University's proportionate share of the net pension liability as a percentage of its covered payroll	2045.22%	2519.62%	3064.19%	3324.31%	993.48%	981.36%	790.54%	879.80%	706.27%	628.95%
Plan fiduciary net position as a percentage of the total pension liability	25.96%	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.30%	14.80%	22.32%
KERS – Hazardous										
University's proportion of the net pension liability	0.57%	0.61%	0.72%	0.71%	0.70%	0.72%	0.63%	0.64%	0.07%	-%
University's proportionate share of the net pension liability	\$ 2,141	\$ 2,598	\$ 3,635	\$ 3,159	\$ 3,918	\$ 3,953	\$ 3,169	\$ 3,185	\$ 275	\$ -
University's covered payroll	\$ 1,579	\$ 1,525	\$ 1,312	\$ 1,292	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518	\$ -	\$ -
University's proportionate share of the net pension liability as a percentage of its covered payroll	135.55	170.39%	277.13%	244.50%	310.21%	329.14%	293.70%	614.86%	-%	-%
Plan fiduciary net position as a percentage of the total pension liability	73.18%	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.80%	57.41%	-%
KTRS										
University's proportion of the net pension liability	0.57%	0.59%	0.56%	0.63%	0.61%	0.60%	0.71%	0.68%	1.13%	1.12%
University's proportionate share of the net pension liability	\$ 97,786	\$ 105,499	\$ 99,235	\$ 86,072	\$ 90,620	\$ 86,450	\$ 97,175	\$ 193,364	\$ 349,600	\$ 274,717
State's proportionate share of the net pension liability associated with the University	<u>108,504</u>	<u>117,344</u>	<u>128,957</u>	<u>90,869</u>	<u>95,303</u>	<u>93,677</u>	<u>72,297</u>	<u>154,108</u>	<u>32,949</u>	<u>27,936</u>
Total	<u>\$ 206,290</u>	<u>\$ 222,843</u>	<u>\$ 228,192</u>	<u>\$ 176,941</u>	<u>\$ 185,923</u>	<u>\$ 180,127</u>	<u>\$ 169,472</u>	<u>\$ 347,472</u>	<u>\$ 382,549</u>	<u>\$ 302,653</u>
University's covered payroll	\$ 56,708	\$ 56,079	\$ 55,836	\$ 55,404	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975	\$ 89,598	\$ 87,589
University's proportionate share of the net pension liability as a percentage of its covered payroll	172.44%	188.13%	177.72%	155.35%	171.61%	161.90%	109.40%	214.91%	390.19%	313.64%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%

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

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

June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
KERS – Non-Hazardous										
Contractually required contribution	\$ 11,670	\$ 11,917	\$ 11,868	\$ 12,083	\$ 1,788	\$ 3,726	\$ 6,426	\$ 9,038	\$ 10,658	\$ 9,072
Contributions in relation to the contractually required contribution	<u>(11,670)</u>	<u>(11,917)</u>	<u>(11,868)</u>	<u>(12,083)</u>	<u>(1,788)</u>	<u>(3,726)</u>	<u>(6,426)</u>	<u>(9,038)</u>	<u>(10,658)</u>	<u>(9,072)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 6,751	\$ 5,676	\$ 5,081	\$ 4,694	\$ 4,972	\$ 8,979	\$ 15,504	\$ 24,966	\$ 26,630	\$ 29,378
Contributions as a percentage of covered payroll	172.86%	209.98%	233.56%	257.43%	35.96%	41.49%	41.45%	36.20%	40.02%	30.88%
KERS – Hazardous										
Contractually required contribution	\$ 378	\$ 508	\$ 421	\$ 434	\$ 450	\$ 424	\$ 415	\$ 311	\$ 159	\$ -
Contributions in relation to the contractually required contribution	<u>(378)</u>	<u>(508)</u>	<u>(421)</u>	<u>(434)</u>	<u>(450)</u>	<u>(424)</u>	<u>(415)</u>	<u>(311)</u>	<u>(159)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,579	\$ 1,525	\$ 1,312	\$ 1,292	\$ 1,238	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518	\$ -
Contributions as a percentage of covered payroll	23.93%	33.35%	32.15%	33.62%	36.35%	33.60%	34.55%	28.82%	30.69%	-%
KTRS										
Contractually required contribution	\$ 7,075	\$ 7,100	\$ 7,179	\$ 7,520	\$ 7,535	\$ 7,136	\$ 7,148	\$ 8,612	\$ 8,814	\$ 8,843
Contributions in relation to the contractually required contribution	<u>(7,075)</u>	<u>(7,100)</u>	<u>(7,179)</u>	<u>(7,520)</u>	<u>(7,535)</u>	<u>(7,136)</u>	<u>(7,148)</u>	<u>(8,612)</u>	<u>(8,814)</u>	<u>(8,843)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 56,707	\$ 56,079	\$ 55,836	\$ 55,404	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975	\$ 89,598
Contributions as a percentage of covered payroll	12.48%	12.66%	12.86%	13.57%	13.53%	13.51%	13.39%	9.70%	9.80%	9.87%

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2025

KERS

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

2015:

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

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

2017:

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

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

2018:

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2025

KERS (Continued)

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

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

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

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

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

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

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

2024: There have been no assumption changes or benefit terms.

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2025

KTRS

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

2015: *Changes of benefit terms:* None

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

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

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

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

2017:

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

2018:

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2025

KTRS (Continued)

2019:

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

2020:

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

2021:

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

2022:

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

2023:

There have been no assumption changes or benefit terms.

2024:

There have been no assumption changes or benefit terms.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019 and 2018

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous								
University's proportion of the net OPEB liability	0.66%	0.40%	0.50%	1.04%	0.64%	1.07%	1.45%	1.75%
University's proportionate share of the net OPEB liability	\$ 4,795	\$ 3,164	\$ 11,036	\$ 23,624	\$ 16,174	\$ 23,948	\$ 34,368	\$ 44,378
University's covered payroll	\$ 6,751	\$ 5,675	\$ 5,081	\$ 4,694	\$ 8,979	\$ 15,504	\$ 24,966	\$ 26,630
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.03%	55.75%	217.19%	503.32%	180.13%	154.46%	137.66%	166.65%
Plan fiduciary net position as a percentage of the total OPEB liability	70.95%	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.40%
KERS – Hazardous								
University's proportion of the net OPEB liability	0.57%	0.61%	0.72%	0.71%	0.70%	0.72%	0.63%	0.64%
University's proportionate share of the net OPEB liability (asset)	\$ (1,347)	\$ (1,278)	\$ 55	\$ (82)	\$ 299	\$ (194)	\$ (208)	\$ 39
University's covered payroll	\$ 1,579	\$ 1,525	\$ 1,312	\$ 1,292	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	(85.28)%	(83.80)%	4.16%	(6.32)%	23.66%	(16.14)%	(19.28)%	7.53%
Plan fiduciary net position as a percentage of the total OPEB liability	153.10%	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.80%
KTRS – Medical Insurance								
University's proportion of the net OPEB liability	0.73%	0.81%	1.07%	0.74%	0.72%	0.73%	0.73%	0.79%
University's proportionate share of the net OPEB liability	\$ 16,311	\$ 19,666	\$ 26,486	\$ 15,947	\$ 18,073	\$ 21,503	\$ 25,293	\$ 28,232
State's proportionate share of the net OPEB liability associated with the University	<u>8,363</u>	<u>9,328</u>	<u>1,664</u>	<u>7,171</u>	<u>7,967</u>	<u>9,592</u>	<u>12,379</u>	<u>12,803</u>
Total	<u>\$ 24,674</u>	<u>\$ 28,994</u>	<u>\$ 28,150</u>	<u>\$ 23,118</u>	<u>\$ 26,040</u>	<u>\$ 31,095</u>	<u>\$ 37,672</u>	<u>\$ 41,035</u>
University's covered payroll	\$ 56,707	\$ 56,079	\$ 55,836	\$ 55,404	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	28.76%	35.07%	47.44%	28.78%	34.23%	40.27%	28.48%	31.38%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
KTRS – Life Insurance								
University's proportion of the net OPEB liability	1.50%	1.59%	1.63%	1.67%	1.58%	1.60%	1.62%	1.70%
University's proportionate share of the net OPEB liability	\$ 367	\$ 451	\$ 506	\$ 219	\$ 548	\$ 498	\$ 457	\$ 373
University's covered payroll	\$ 56,707	\$ 56,079	\$ 55,836	\$ 55,404	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.65%	0.80%	0.91%	0.40%	1.04%	0.93%	0.51%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

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

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

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019 and 2018

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous								
Contractually required contribution	\$ 1,067	\$ 1,254	\$ 1,242	\$ 1,382	\$ 366	\$ 763	\$ 1,316	\$ 1,851
Contributions in relation to the contractually required contribution	<u>(1,067)</u>	<u>(1,254)</u>	<u>(1,242)</u>	<u>(1,382)</u>	<u>(366)</u>	<u>(763)</u>	<u>(1,316)</u>	<u>(1,851)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 6,751	\$ 5,675	\$ 5,081	\$ 4,694	\$ 4,972	\$ 8,979	\$ 15,504	\$ 24,966
Contributions as a percentage of covered payroll	15.81%	22.10%	24.45%	29.44%	7.36%	8.50%	8.49%	7.41%
KERS – Hazardous								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30	\$ 33
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>(33)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,579	\$ 1,525	\$ 1,312	\$ 1,292	\$ 1,238	\$ 1,263	\$ 1,201	\$ 1,079
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	2.43%	2.40%	2.50%	3.06%
KTRS – Medical Insurance								
Contractually required contribution	\$ 1,328	\$ 1,333	\$ 1,347	\$ 1,241	\$ 1,295	\$ 1,216	\$ 1,230	\$ 1,512
Contributions in relation to the contractually required contribution	<u>(1,328)</u>	<u>(1,333)</u>	<u>(1,347)</u>	<u>(1,241)</u>	<u>(1,295)</u>	<u>(1,216)</u>	<u>(1,230)</u>	<u>(1,512)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 56,707	\$ 56,079	\$ 55,836	\$ 55,404	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822
Contributions as a percentage of covered payroll	2.34%	2.38%	2.41%	2.24%	2.32%	2.30%	2.30%	17.02%
KTRS – Life Insurance								
Contractually required contribution	\$ 21	\$ 21	\$ 21	\$ 17	\$ 17	\$ 16	\$ 16	\$ 19
Contributions in relation to the contractually required contribution	<u>(21)</u>	<u>(21)</u>	<u>(21)</u>	<u>(17)</u>	<u>(17)</u>	<u>(16)</u>	<u>(16)</u>	<u>(19)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 56,707	\$ 56,079	\$ 55,836	\$ 55,404	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822
Contributions as a percentage of covered payroll	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.02%

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

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

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2025

KERS

2017:

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

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

2018:

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

2019:

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

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

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2025

KERS (Continued)

2020:

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

2021:

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

2022:

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

2023:

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

2024:

Changes in Assumptions: For the June 30, 2024 measurement date, the discount rate used to calculate the total OPEB liability increased from 5.94% to 6.00% for the nonhazardous plan and from 5.94% to 5.99% for the hazardous plan.

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2025

KTRS

2017:

Changes to benefit terms: Medical Insurance: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2018:

Changes of benefit terms – For the Life Insurance Plan, changes in assumptions or benefit terms as of June 30, 2019 included a change to the investment rate of returns, municipal bond index rate, discount rate, and single equivalent interest rate noted in the table above. For the Medical Insurance Plan, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010. This change occurred in the prior year, while there were no other changes in the current year.

2019:

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

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

2020:

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

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2025

KTRS (Continued)

2021:

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

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

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

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

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

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

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

2024: *Changes of assumptions –* There were no changes in actuarial assumptions or benefits terms since the prior measurement date.

SUPPLEMENTARY INFORMATION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Eastern Kentucky University ("the University" or "University") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 13, 2026. Our report includes a reference to other auditors who audited the financial statements of Eastern Kentucky University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of Eastern Kentucky University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Lexington, Kentucky
February 13, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Kentucky University's ("the University" or "University") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2025. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

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

We have audited the University's financial statements as of and for the year ended June 30, 2025, and have issued our report thereon dated February 13, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Lexington, Kentucky
February 24, 2026

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF EDUCATION				
Direct Programs –				
Student Financial Aid Cluster				
Federal Pell Grant Program		84.063	\$ 38,745,866	\$ -
Federal Supplemental Educational Opportunity Grant		84.007	766,363	-
Federal Work Study Program		84.033	481,319	-
College Work Study Service Tutors		84.033	27,282	-
Federal Work Study Job Location/ Development		84.033	46,506	-
Federal Work Study Veterans Affairs Program		84.033	8,200	-
Federal Perkins Loan Program		84.038	880,381	-
Teach Grant		84.379	27,823	-
Federal Direct Student Loans – Direct Lending		84.268	60,022,744	-
Federal Direct Student Loans – PLUS		84.268	7,077,919	-
Total Student Financial Aid Cluster			<u>108,084,403</u>	<u>-</u>
TRIO Cluster				
NOVA Student Support Services FY24		84.042A	61,353	-
NOVA FY25		84.042A	268,004	-
NOVA Student Support Services FY25		84.042A	73,115	-
			<u>402,472</u>	<u>-</u>
Educational Talent Search FY23		84.044A	9,588	-
Educational Talent Search FY24		84.044A	78,065	-
Educational Talent Search FY25		84.044A	299,921	-
			<u>387,574</u>	<u>-</u>
Upward Bound FY24		84.047A	32,624	-
Upward Bound Student Support FY24		84.047A	7,362	-
Upward Bound FY25		84.047A	389,216	-
Upward Bound Student Support FY25		84.047A	148,953	-
Upward Bound FY26		84.047	51,860	-
Upward Bound Student Support FY26		84.047	10,768	-
Veterans Upward Bound Program FY24		84.047V	42,498	-
Veterans Upward Bound Program FY25		84.047V	224,683	-
			<u>907,964</u>	<u>-</u>
McNair Scholars Student Support FY24		84.217A	59,822	-
McNair Scholars Program FY25		84.217A	152,736	-
McNair Scholars Student Support FY25		84.217A	39,297	-
			<u>251,855</u>	<u>-</u>
Total Trio Cluster			<u>1,949,865</u>	<u>-</u>
Equipping the EKU Center for Stem Excellence		84.116Z	32,232	-
			<u>1,982,097</u>	<u>-</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF EDUCATION (Continued)				
Pass-Through Programs –				
Kentucky Department of Education				
21st Century Community Learning Center FY24	PON2 540 2300003238	84.287	\$ 461	\$ -
21st Century Community Learning Center FY25	PON2 540 2400004579	84.287	131,766	-
Interpreter Training Program FY24	PON2 540 2300003506	84.027	10,450	-
Interpreter Training Program FY25	PON2 540 2400005077	84.027	361,682	-
Post-School Predictor Implement Project	PON2 540 2300003236	84.425U	25,390	-
E KY Careers in Poultry Industry	PON2 540 2500002370	84.048A	53,800	-
			<u>583,549</u>	<u>-</u>
Kentucky Higher Education Assistance Authority				
FAFSA Tailgate Event	MOU	84.xxx	<u>3,000</u>	<u>-</u>
University of Kentucky				
Common Sense Assistive Technology	3200006487-25-066	84.325	<u>2,966</u>	<u>-</u>
Total U.S. Department of Education			<u>110,656,015</u>	<u>-</u>
RESEARCH AND DEVELOPMENT				
Direct Programs –				
National Institute of Justice				
Exp/Num Invest Thermo Chem		16.560	<u>68,526</u>	<u>58,144</u>
National Science Foundation				
Precision Measurements of Neutron Beta Decay to Test Fundamental Symmetric		47.049	11,982	-
RUI: Testing Fundamental Symmetries		47.049	78,969	-
RII Track-2 FEC: FLASH		47.050	15,338	-
Collaborative Research: Hertiable Plant Fungus		47.074	29,385	-
CAREER: Advancing scientific knowledge of tropical mutualistic network science & public knowledge of tropical bee importance		47.083	111,280	-
Equip: MRI: Acquisition of Maldi-TOF		47.083	<u>10,055</u>	<u>-</u>
			<u>257,009</u>	<u>-</u>
			<u>325,535</u>	<u>58,144</u>
Pass-Through Programs –				
Department of Agriculture				
Mt. Folly Enterprises Building Market Infrastructure for Climate	NR233A750004G057-001	10.937	<u>53,368</u>	<u>-</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
RESEARCH AND DEVELOPMENT (Continued)				
Pass-Through Programs – Eastern Scientific, LLC				
Use of ColiGlow: E.coli Research	Agreement	10.212	\$ 53,253	\$ -
			<u>106,621</u>	<u>-</u>
Department of Defense				
University of Louisville Research Foundation				
Improving the Biostability and Target selectively of	ULRF_18-0954D-02	93.859	(39)	-
Impact of Bioactive Compounds	ULRF_23-1033-02	93.859	<u>14,220</u>	<u>-</u>
			<u>14,181</u>	<u>-</u>
Department of Interior				
Kentucky Department of Fish and Wildlife Resources				
Yllw-Spotted Wdlnl Salamander in Kentucky	PON2 660 500001100	15.615	<u>17,424</u>	<u>-</u>
University of Louisville				
Effects of P75NTR on Oxidative	Agreement	93.xxx	<u>(120)</u>	<u>-</u>
National Science Foundation				
TERC, Inc.				
Incr UG Fluency/Accuracy Inter STEM	48195	47.076	10,089	-
Fairmont State University				
Joining the First 2 Network	E0037849	47.076	10,507	-
West Virginia Higher Education Commission				
First2 Network	PO25188	47.076	<u>14,321</u>	<u>-</u>
			<u>34,917</u>	<u>-</u>
Tulane University				
Data Management for the BL3 Experiment	TUL-SCC-560248-22/23	47.049	<u>42,907</u>	<u>-</u>
University of Kentucky Research Foundation				
D3TaLES FY23 YR4 FY24	3200005739-21-053	47.049	12,175	-
Diverse CHARGE Workforce FY25	3200006309-25-010	47.083	15,546	-
Dimensions US – China: Collaborative Research: Impacts of heritable plant-fungus	320000475-22-229	47.074	<u>11,708</u>	<u>-</u>
			<u>39,429</u>	<u>-</u>
Total Research and Development			<u>580,944</u>	<u>58,144</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
APPALACHIAN REGIONAL COMMISSION				
Pass-Through Programs –				
East Tennessee State University				
Regional Public Colleges and				
Universities (RPCU) Central Appalachia				
Health Consortium	P-24-0122-1-S3.1		8,513	-
Total Appalachian Regional Commission			8,513	-
DEPARTMENT OF AGRICULTURE				
Direct Programs –				
Recreation & Natural Resource Management				
in the Daniel Boone National Forest		10.xxx	\$ 13,106	\$ -
Recreation Mgmt/Stearns Dist DBNF		10.xxx	29,248	-
			42,354	-
Pass-Through Programs –				
Kentucky Cabinet for Health & Family Services				
University Training Consortium FY25	PON2 736 2400003429	10.561	851,820	-
University Training Consortium FY24	PON2 736 2200002932	10.561	82	-
			851,902	-
Kentucky Department of Education				
Summer Food Service Program	Agreement	10.559	13,689	-
Kentucky State University				
Promote Agroforestry Food Products	211239-206005-3100	10.216	4,623	-
Total Department of Agriculture			912,568	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs –				
Kentucky Cabinet for Health & Family				
Services				
Public Health Workforce Development				
and Strengthening Infrastructure	SC 728 2400001073	93.354	178,262	-
University Training Consortium FY25	PON2 736 2400003429	93.556	109,935	-
Center for Student Parents FY25	SC 736 2400001227	93.558	432,914	-
University Training Consortium FY24	PON2 736 2200002932	93.558	(361)	-
University Training Consortium FY25	PON2 736 2400003429	93.558	392,194	-
ARPA Child Care Stabilization Grant	L353845	93.575	31,843	-
University Training Consortium FY25	PON2 736 2400003429	93.575	256,626	-
University Training Consortium FY25	PON2 736 2400003429	93.590	75,679	-
University Training Consortium FY24	PON2 736 2200002932	93.658	433	-
University Training Consortium FY25	PON2 736 2400003429	93.658	1,370,921	-
University Training Consortium FY25	PON2 736 2400003429	93.667	22,408	-
University Training Consortium FY24	PON2 736 2200002932	93.778	25	-
University Training Consortium FY24	PON2 736 2400003429	93.778	1,104,903	-
Public Health Workforce Development				
and Strengthening Infrastructure	SC 728 2400001073	93.967	178,262	-
			4,154,044	-

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs –				
University of Kentucky Research Foundation				
Pass-Through Programs -				
Kentucky Lead Educ-Neuro&Rel Disabl (Yr4)	3200006323-25-027	93.877	\$ 29,257	\$ -
CARERC:MPH-Indust Hygiene Core	3200003624-20-060	93.262	52,836	-
CARERC:Occupational Safety Core FY23	3200003624-20-059	93.262	23,487	-
Southeast Center for Agricultural Health and Injury	3210002823-25-015	93.262	33,579	-
			<u>109,902</u>	<u>-</u>
Public Health Scholarship Program	3200005145-23-086	93.516	<u>219,794</u>	<u>-</u>
Child Welfare Preparation Program	3200006559-25-214	93.658	<u>27,524</u>	<u>-</u>
University of Louisville Research Foundation				
KY INBRE Lead Faculty Award FY25	ULRF 25-1033-02	93.859	2,023	-
KY INBRE Start-Up Research Award FY25	ULRF 23-1033-02	93.859	19,465	-
			<u>21,488</u>	<u>-</u>
			<u>407,965</u>	<u>-</u>
Total Department of Health and Human Services			<u>4,562,009</u>	<u>-</u>
DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Programs –				
Corporation for Public Broadcasting Next Generation Warning System	35624-ISS	97.138	<u>296,788</u>	<u>-</u>
Total Department of Homeland Security			<u>296,788</u>	<u>-</u>
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Programs –				
Kentucky Association for Environmental Education Landscape Analysis – Environment Education in SE	Agreement	66.951	\$ 1,000	\$ -
Total Environmental Protection Agency			<u>1,000</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Pass-Through Programs –				
University of Kentucky Analy Stab of Unnat Prot & Am Acids	3210001706-25-058	43.001	<u>7,095</u>	<u>-</u>
Total National Aeronautics and Space Administration			<u>7,095</u>	<u>-</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Federal Agency/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF THE INTERIOR				
Direct Programs -				
US Fish and Wildlife				
Macroinvertebrates Jennings' Branch:				
A Restoration Assessment		17.xxx	8	-
Total Department of the Interior			8	-
DEPARTMENT OF TRANSPORTATION				
Pass-Through Programs -				
Kentucky Transportation Cabinet				
Summit Street Sidewalks and				
Lighting	07-3039	20.205	351,581	-
Total Department of Transportation			351,581	-
DEPARTMENT OF TREASURY				
Pass-Through Programs -				
Kentucky Council on Postsecondary Education				
EKU Clinical Skills Laboratory				
& Simulation Center Project				
Funding Request	SC 415 2300000383	21.027	23,154	-
Healthcare Exploration and				
Academic Transition	SC 415 2500000983	21.027	17,036	-
Total Department of Treasury			40,190	-
Total Federal Expenditures			<u>\$ 117,416,711</u>	<u>\$ 58,144</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

<u>Grant/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
Subtotals of Multiple Awards/ALNs		
21 st Century Community Learning Centers	84.287	\$ 132,227
Special Education – Grants to States	84.027	372,132
Biological Sciences	47.074	41,093
Mathematical and Physical Sciences	47.049	146,033
Integrative Activities	47.083	136,881
Temporary Assistance for Needy Families	93.558	824,747
Child Care and Development Block Grant	93.575	288,469
Foster Care Title IV-E	93.658	1,398,878
Grants to States for Medicaid	93.778	1,104,928

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eastern Kentucky University (the "University") under programs of the federal government for the year ended June 30, 2025 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 – INDIRECT COST

Predetermined indirect cost rates have been approved through June 30, 2025. The rate for on-campus activities ranges from 42.0% to 53.0% and the rate for off-campus activities is 26.0% for the approved period. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – FEDERAL LOAN PROGRAMS

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

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at July 1, 2024 for which the government imposes continuing compliance requirements. As of June 30, 2025, the University's outstanding Perkins loan balance is \$662,356.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None Reported

Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u>	Yes	<u> X </u>	None Reported

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work Study Program
84.038	Federal Perkins Loan Program
84.379	TEACH Grant
84.268	Federal Direct Student Loans
	TRIO Cluster:
84.042	Student Support Services
84.044	Talent Search
84.047	Upward Bound
84.217	McNair Post-Baccalaureate Achievement

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

(Continued)

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.