

Oklahoma Educational Television Authority

Financial Statements

June 30, 2023 and 2022
(With Independent Auditors' Reports Thereon)



OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Oklahoma Educational Television Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Oklahoma Educational Television Authority (OETA or the "Authority"), a component unit of the State of Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise OETA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Authority as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

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

Emphasis of Matter

Authority-Only Financial Statements

As discussed in Note 1, the financial statements of Authority are intended to present the financial position and the changes in financial position of only that portion of the proprietary fund activities of the State of Oklahoma that is attributable to the transactions of Authority. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2023 or 2022, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, 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, 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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Finley + Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
November 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Oklahoma Educational Television Authority (OETA or the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2023 and 2022.

OETA was created by the Oklahoma Legislature in 1953 to "make educational television services available to all Oklahoma citizens on a coordinated statewide basis" (O.S. Title 74, Section 23-101).

The Federal Communications Commission (FCC) licenses for all of the State-owned educational, noncommercial television transmitters (18) are administered through OETA. Sixteen other states have similar statewide educational television operations and support their networks through state appropriations. OETA receives approximately \$0.72 per citizen in state funding while other state networks receive as much as \$4.26 per citizen to support their educational television operations. Originally, the entire operating budget of OETA was funded by direct appropriation of state dollars. However, as equipment, broadcasting, programming, and production expenses have increased and services have been expanded, the proportion of state funding has declined to 48 %. As a state agency, the operating costs of the Authority are primarily funded through legislative appropriation and a small amount of self-generated funds. As of November 15, 2018, Friends of OETA, Inc. ("Friends of OETA") became a legally separate and tax-exempt entity. Friends of OETA was formed to raise funds and support the activities and programs of OETA by receiving, investing, managing, and expending non-state-appropriated funds and properties. On April 23, 2019, OETA and the Friends of OETA entered into an agreement for the Friends of OETA to raise funds and support the activities of OETA. Since April 23, 2019, the Friends of OETA provided OETA with funding to cover programming, production, and equipment costs.

This report provides financial statements and related notes reflecting the general administrative, technical, and programming activities of the Authority. Under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*, Friends of OETA is considered a part of the overall reporting entity, and its financials are reported separately after each Authority statement. Information relating to Friends of OETA included in the Authority's accompanying financial statements have been obtained from Friends of OETA's separately issued audited financial statements. This management's discussion and analysis will be restricted to only the Authority's financial statements. The Authority's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Authority's financial condition. The Statements of Net Position include all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, using the accrual basis of accounting, as well as an indication about which assets can be utilized for general purposes and which are restricted as a result of legislation and statutes.

The Statements of Revenues, Expenses, and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows report the sources and uses of cash.

<u>Statements of Net Position</u>		
June 30,		
	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	\$ 444,080	421,063
Net OPEB asset	100,659	151,665
Net pension asset	-	1,480,623
Lease assets	2,137,900	568,079
Capital assets, net	4,146,913	4,653,104
Total assets	<u>6,829,552</u>	<u>7,274,534</u>
 Deferred Outflows of Resources:		
Deferred outflows for pension and OPEB	<u>1,231,436</u>	<u>434,010</u>
 Liabilities:		
Current liabilities	346,924	287,148
Noncurrent liabilities	3,224,743	774,656
Total liabilities	<u>3,571,667</u>	<u>1,061,804</u>
 Deferred Inflows of Resources:		
Deferred inflows for pension and OPEB	<u>115,858</u>	<u>1,800,760</u>
 Net Position:		
Net investment in capital assets	4,146,913	4,653,104
Unrestricted deficit	<u>226,550</u>	<u>192,876</u>
Total net position	<u>\$ 4,373,463</u>	<u>4,845,980</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

**The Statements of Net Position, the Statements of Revenues, Expenses, and
Changes in Net Position, and the Statements of Cash Flows, Continued**

	Statements of Revenues, Expenses, and Changes in Net Position	
	Years Ended June 30,	
	<u>2023</u>	<u>2022</u>
Operating revenues:		
Grant revenue passed through:		
Friends of OETA, Inc.	\$ 500,000	275,000
Telecasting, production, and other income	<u>374,674</u>	<u>684,165</u>
Total operating revenues	<u>874,674</u>	<u>959,165</u>
Operating expenses:		
Programming and production	2,173,568	1,835,471
Broadcasting and technical	4,843,474	3,900,767
Depreciation	903,842	868,038
Amortization	230,927	261,825
Administration	<u>1,254,358</u>	<u>1,038,962</u>
Total operating expenses	<u>9,406,169</u>	<u>7,905,063</u>
Operating loss	<u>(8,531,495)</u>	<u>(6,945,898)</u>
Non-operating revenues:		
State appropriations	2,879,179	3,203,829
Contributions:		
Friends of OETA, Inc.	4,080,151	3,223,670
Other	12	17,380
Use of facilities	<u>680,106</u>	<u>779,429</u>
Total non-operating revenues	<u>7,639,448</u>	<u>7,224,308</u>
(Loss) income before other revenues, expenses, gains, and losses	<u>(892,047)</u>	<u>278,410</u>
Other revenues:		
Capital contributions:		
Grant funds passed through:		
Friends of OETA, Inc.	<u>419,530</u>	<u>1,116,244</u>
Total capital contributions	<u>419,530</u>	<u>1,116,244</u>
Changes in net position	<u>\$ (472,517)</u>	<u>1,394,654</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

**The Statements of Net Position, the Statements of Revenues, Expenses, and
Changes in Net Position, and the Statements of Cash Flows, Continued**

	<u>Statements of Cash Flows</u>	
	Years Ended June 30,	
	<u>2023</u>	<u>2022</u>
Cash (used in) provided by:		
Operating activities	\$ (4,063,639)	(4,113,557)
Noncapital financing activities	<u>4,079,191</u>	<u>4,369,915</u>
Net change in cash	<u>15,552</u>	<u>256,358</u>
Cash, beginning of year	<u>361,744</u>	<u>105,386</u>
Cash, end of year	<u>\$ 377,296</u>	<u>361,744</u>

Overall Financial Position

Although considered a “Proprietary Fund” for auditing and reporting purposes under GASB 34, OETA does not generate sufficient funding necessary for continued operations and capital equipment improvements that have been required by the Federal Communication Commission for public broadcasting. The Authority requires both public and private funding sources to support its budget.

Operating functions are almost entirely dependent upon Friends of OETA funding, while program acquisition relies on Friends of OETA funding and state general revenue appropriations. The net operating loss of \$(8,531,495) in FY23 is greater than the net operating loss of \$(6,945,898) in FY22. During FY23 the non-operating support from OETA’s supporting organization totaled \$4,080,151 and grant pass-through was \$500,000, while FY22 includes the non-operating support of \$3,223,670 and grant pass-through of \$275,000. There were additional capital contributions from Friends of OETA from grant pass-through of \$419,530 in FY23 and \$1,116,244 in FY22. The additional subsidies were required for operating expenses and capital improvements mostly related to maintenance repairs and purchase equipment needs. As operating costs increase and if no additional state funding is received, this support will need to increase more each year.

FY23 operating revenues, which include grants, studio and tower rentals, tape dubbing charges, royalties, and production reimbursements, account for 9.8%, while in FY22 it was 10.3%. Non-operating and other revenues, which include state appropriations and contributions from OETA’s supporting organizations, account for 90.2% of all revenues received in FY23 and 89.7% in FY22. The operating revenues and contributions will need to continue to increase each year if state appropriations are to decline.

Two important sources of financial support, not directly attributable to state appropriations and OETA’s supporting organizations’ programming expenditures, are the other in-kind contributions (Channel 9 land and tower rentals) and any other support from the supporting organizations. Both of these revenue sources are vital to the ongoing operations of the network.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Overall Financial Position, Continued

The Statements of Cash Flows reveal the necessity for General Revenue Appropriations from the State of Oklahoma and any support from OETA's supporting organizations. Operating activities do not generate sufficient cash to fund expenses without these crucial funding sources.

Significant Changes In Capital Assets

Each year as broadcasting and ancillary equipment is replaced, OETA's capital assets continue to expand. More information on total capital assets can be found in the notes to the financial statements.

A vigorous effort is made annually to reconcile the asset management system within the statewide network. A physical inventory is done annually, and outdated or unusable assets are transferred to OMES—Surplus Property Division during the year for proper disposal. Unfortunately, due to limited operating funds available during each year, assets are only maintained and/or replaced on an emergency basis.

Significant Matters Affecting Future Financial Operations

Oklahoma Legislature

OETA was granted authority during the 2023 Legislative session to continue operating as a state agency, with appropriated funding, through June 30, 2026.

Operating Expenses Expanding

Friends of OETA is now fully established and is on sound financial footing. As stated in the financial statements and notes, there is much dependency by OETA on Friends of OETA and other private donors. OETA depends on these sources to fund purchases of programs and continuing capital endeavors. OETA also depends on state appropriations. Year to year, OETA is relying on these sources of funds for maintenance, replacement of digital equipment, and personnel cost.

Friends of OETA has continued to receive generous donations from individual viewers, foundations, and corporations on behalf of OETA. These supporters are especially pleased to contribute because of the programming they depend on from OETA. Obviously, changes in the local economy, investment returns, and/or state funding will disrupt the current balance of income.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF NET POSITION

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Assets:		
Current assets:		
Cash	\$ 377,296	361,744
Accounts receivable	20,318	17,895
Management fees receivable—Friends of OETA, Inc.	46,466	41,424
Total current assets	<u>444,080</u>	<u>421,063</u>
Noncurrent assets:		
Net OPEB asset	100,659	151,665
Net pension asset	-	1,480,623
Lease assets, net	2,137,900	568,079
Capital assets:		
Land	26,272	26,272
Broadcast equipment—WIP	74,563	-
Buildings and improvements	5,572,029	5,451,161
Broadcast equipment	34,868,627	34,771,225
Transportation equipment	219,770	213,648
Office furniture and equipment	932,267	810,410
Total capital assets	<u>41,693,528</u>	<u>41,272,716</u>
Less accumulated depreciation	<u>(37,546,615)</u>	<u>(36,619,612)</u>
Net capital assets	<u>4,146,913</u>	<u>4,653,104</u>
Total noncurrent assets	<u>6,385,472</u>	<u>6,853,471</u>
 Total assets	 <u>6,829,552</u>	 <u>7,274,534</u>
Deferred outflows of resources:		
Deferred outflows related to pension and OPEB	<u>1,231,436</u>	<u>434,010</u>

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF NET POSITION, CONTINUED

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Liabilities:		
Current liabilities:		
Accounts payable	53,003	22,189
Leased liabilities—amount due in 1 year or less	191,271	185,898
Compensated absences, current portion	102,650	79,061
Total current liabilities	<u>346,924</u>	<u>287,148</u>
Noncurrent liabilities:		
Net pension liability	904,074	-
Total OPEB liability	160,017	170,768
Lease liabilities—amount due in more than 1 year	1,963,617	384,311
Compensated absences	197,035	219,577
Total noncurrent liabilities	<u>3,224,743</u>	<u>774,656</u>
 Total liabilities	 <u>3,571,667</u>	 <u>1,061,804</u>
Deferred inflows of resources:		
Deferred inflows related to pension and OPEB	<u>115,858</u>	<u>1,800,760</u>
Net position:		
Net investment in capital assets	4,146,913	4,653,104
Unrestricted	<u>226,550</u>	<u>192,876</u>
 Total net position	 <u>\$ 4,373,463</u>	 <u>4,845,980</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF FINANCIAL POSITION
(FRIENDS OF OETA, INC.)

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Assets		
Cash and cash equivalents, unrestricted	\$ 1,621,795	2,963,547
Restricted cash and cash equivalents	2,543,853	3,470,794
Pledges receivable, net	594,151	314,445
Other receivables	13,044	75,202
Investments	43,456,654	36,858,448
Prepaid expenses	176,997	235,845
Fixed assets, net	<u>2,683,436</u>	<u>2,216,174</u>
 Total assets	 <u>\$ 51,089,930</u>	 <u>46,134,455</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 226,257	151,402
Deferred revenue	<u>85,196</u>	<u>82,933</u>
 Total liabilities	 <u>\$ 311,453</u>	 <u>234,335</u>
Net assets:		
Without donor restrictions:		
Undesignated	\$ 45,551,188	40,213,152
Net investment in fixed assets	<u>2,683,436</u>	<u>2,216,174</u>
	48,234,624	42,429,326
With donor restrictions	<u>2,543,853</u>	<u>3,470,794</u>
Total net assets	<u>50,778,477</u>	<u>45,900,120</u>
 Total liabilities and net assets	 <u>\$ 51,089,930</u>	 <u>46,134,455</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Operating revenues:		
Grant revenue passed through Friends of OETA, Inc.	\$ 500,000	275,000
Telecasting, production, and other income	<u>374,674</u>	<u>684,165</u>
Total operating revenues	<u>874,674</u>	<u>959,165</u>
Operating expenses:		
Programming and production	2,173,568	1,835,471
Broadcasting and technical	4,843,474	3,900,767
Depreciation	903,842	868,038
Amortization	230,927	261,825
Administration	<u>1,254,358</u>	<u>1,038,962</u>
Total operating expenses	<u>9,406,169</u>	<u>7,905,063</u>
Operating loss	<u>(8,531,495)</u>	<u>(6,945,898)</u>
Non-operating revenues:		
State appropriations	2,879,179	3,203,829
Contributions:		
Friends of OETA, Inc.	4,080,151	3,223,670
Other	12	17,380
Use of facilities	<u>680,106</u>	<u>779,429</u>
Total non-operating revenues	<u>7,639,448</u>	<u>7,224,308</u>
(Loss) income before other revenues, expenses, gains, and losses	<u>(892,047)</u>	<u>278,410</u>
Other revenues:		
Capital contributions:		
Grant funds passed through:		
Friends of OETA, Inc.	<u>419,530</u>	<u>1,116,244</u>
Total capital contributions	<u>419,530</u>	<u>1,116,244</u>
Changes in net position	(472,517)	1,394,654
Net position, beginning of year	<u>4,845,980</u>	<u>3,451,326</u>
Net position, end of year	<u>\$ 4,373,463</u>	<u>4,845,980</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF ACTIVITIES
(FRIENDS OF OETA, INC.)

Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions of cash and other financial assets	\$ 4,889,143	-	4,889,143
Contributions of nonfinancial assets	560,000	-	560,000
Grants	-	1,610,217	1,610,217
Interest and dividends, net	695,691	-	695,691
Realized and unrealized gains, net	3,585,571	-	3,585,571
Underwriting revenues	253,140	-	253,140
Rental—affiliate	231,730	-	231,730
Royalties	91,469	-	91,469
Other	73	-	73
Released from restriction	<u>2,537,158</u>	<u>(2,537,158)</u>	<u>-</u>
Total revenues and other support	<u>12,843,975</u>	<u>(926,941)</u>	<u>11,917,034</u>
Expenses:			
Support to OETA	5,534,785	-	5,534,785
General and administrative	145,167	-	145,167
Fundraising	<u>1,358,725</u>	<u>-</u>	<u>1,358,725</u>
Total expenses	<u>7,038,677</u>	<u>-</u>	<u>7,038,677</u>
Changes in net assets	5,805,298	(926,941)	4,878,357
Net assets, beginning of year	<u>42,429,326</u>	<u>3,470,794</u>	<u>45,900,120</u>
Net assets, end of year	<u>\$ 48,234,624</u>	<u>2,543,853</u>	<u>50,778,477</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF ACTIVITIES
(FRIENDS OF OETA, INC.), CONTINUED

Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions of cash and other financial assets	\$ 3,820,835	-	3,820,835
Grants	-	1,706,325	1,706,325
Interest and dividends, net	494,572	-	494,572
Realized and unrealized (losses), net	(5,808,035)	-	(5,808,035)
Underwriting revenues	209,747	-	209,747
Rental—affiliate	231,730	-	231,730
Royalties	165,029	-	165,029
Other	5,413	-	5,413
Released from restriction	<u>1,983,697</u>	<u>(1,983,697)</u>	<u>-</u>
Total revenues and other support	<u>1,102,988</u>	<u>(277,372)</u>	<u>825,616</u>
Expenses:			
Support to OETA	5,104,345	-	5,104,345
General and administrative	138,997	-	138,997
Fundraising	<u>1,908,876</u>	<u>-</u>	<u>1,908,876</u>
Total expenses	<u>7,152,218</u>	<u>-</u>	<u>7,152,218</u>
Changes in net assets	(6,049,230)	(277,372)	(6,326,602)
Net assets, beginning of year	<u>48,478,556</u>	<u>3,748,166</u>	<u>52,226,722</u>
Net assets, end of year	<u>\$ 42,429,326</u>	<u>3,470,794</u>	<u>45,900,120</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF CASH FLOWS

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Cash flows from operating activities:		
Receipts from telecasting, production, and other income	\$ 367,209	958,270
Payments to vendors	(909,850)	(948,148)
Payments to employees	(3,520,998)	(4,123,679)
Net cash used in operating activities	<u>(4,063,639)</u>	<u>(4,113,557)</u>
Cash flows from noncapital financing activities:		
State appropriations	2,879,179	3,203,829
Contributions from Friends of OETA, Inc. and other	1,200,012	1,166,086
Net cash provided by noncapital financing activities	<u>4,079,191</u>	<u>4,369,915</u>
Net increase in cash	15,552	256,358
Cash, beginning of year	<u>361,744</u>	<u>105,386</u>
Cash, end of year	<u>\$ 377,296</u>	<u>361,744</u>
Reconciliation of operating loss to cash flows used in operating activities:		
Operating loss	\$ (8,531,495)	(6,945,898)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Noncash transactions:		
Depreciation	903,842	868,038
Amortization	230,927	261,825
Adjustment to capital assets	21,879	-
In-kind operating expenses	3,329,330	2,523,671
Changes in operating assets and liabilities:		
Accounts receivable	(7,465)	(895)
Accounts payable	30,814	22,189
Unearned revenue	-	(90,000)
Lease liabilities	14,858	(261,016)
Compensated absences	1,047	44,104
Pension (asset) liability, OPEB (asset) liability, and related deferred outflows and inflows	<u>(57,376)</u>	<u>(535,575)</u>
Net cash used in operating activities	<u>\$ (4,063,639)</u>	<u>(4,113,557)</u>
Noncash investing, noncapital financing, and capital financing activities:		
Capital assets received from grants passed through Friends of OETA, Inc.	<u>\$ 419,530</u>	<u>1,116,244</u>

See Independent Auditors' Report.

See accompanying notes to financial statements.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

**(1) NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The Oklahoma Educational Television Authority (OETA or the “Authority”) is an agency of the State of Oklahoma with the purpose of providing public television services to Oklahoma. OETA operates from state appropriations, as well as support from Friends of OETA, Inc. (“Friends of OETA”), in-kind contributions by the corporate community, and other educational institutions.

Reporting Entity

The financial statements include only the activities of OETA and are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State of Oklahoma that is attributable to the transactions of OETA.

OETA’s financial statements are included in the statewide financial statements of the State of Oklahoma.

The financial reporting entity, as defined in Section 2600 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, includes the accounts of OETA and its discretely presented component unit, Friends of OETA.

Discretely Presented Component Unit

Friends of OETA is a legally separate, tax-exempt component unit of OETA. Friends of OETA was formed to receive funds and support the activities and programs of OETA by receiving, investing, managing, and expending non-state-appropriated funds and properties. Friends of OETA’s Board of Directors are appointed by OETA and can be removed with or without cause by OETA. Although OETA does not control the timing or the amount of receipts from Friends of OETA, the resources held by Friends of OETA can only be used by or on behalf of OETA. Since Friends of OETA’s efforts are to be used to support the Authority, Friends of OETA is considered a component unit of the Authority and is discretely presented in the Authority’s financial statements. Additional and selected disclosures for Friends of OETA are located in this report in Note 10.

Complete financial statements for Friends of OETA may be obtained at Friends of OETA’s office at 7403 N. Kelley Avenue, Oklahoma City, Oklahoma 73111.

Friends of OETA is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to Friends of OETA’s financial information in the Authority’s financial reporting for these differences.

See Independent Auditors’ Report.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Financial Statement Presentation

The Authority's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments* (GASB 34). The financial statement presentation required by GASB 34 provides a comprehensive, entity-wide perspective of the Authority's assets, liabilities, deferred inflows and outflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting

For financial reporting purposes, the Authority is considered a proprietary fund. As such, the financial statements use the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering products in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of OETA are charges for production and dubbing services, charges for the use of facilities or employees, certain subsidies or grants from or passed through Friends of OETA and the State of Oklahoma, and broadcast royalties. Operating expenses include the cost of providing these services, administrative expenses, depreciation of capital assets, and amortization of lease assets.

Nonoperating revenues include activities that have characteristics of nonexchange transactions as described in Section 2450, *Cash Flows Statements*, of the GASB Codification. State appropriations and in-kind contributions, as well as transactions related to capital and financing activities, noncapital financing activities, and investing activities, are components of nonoperating revenues and expenses.

When OETA has both restricted and unrestricted resources available for use, it is its policy to use restricted resources first, and then unrestricted resources as they are needed.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Cash

OETA considers all highly liquid investments with an original maturity of 3 months or less to be cash equivalents. Funds invested through the State Treasurer’s Cash Management Program are considered cash equivalents. At June 30, 2023 and 2022, the carrying amount of OETA’s deposits with the State Treasurer was \$377,296 and \$361,744, respectively.

By State Statute, the State Treasurer is required to ensure that all State funds are either insured by the Federal Deposit Insurance Corporation, collateralized by securities held by the Federal Reserve Bank, or invested in U.S. government obligations. OETA’s deposits with the State Treasurer are pooled with the funds of other state agencies, and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine in the State’s name.

Receivables and Payables

OETA management considers all trade and related-party receivables to be fully collectible. As such, there is no provision for potentially uncollectible accounts. Accounts payable represent trade payables payable from both restricted and unrestricted resources.

Capital Assets

Capital assets include land, buildings, broadcast equipment, transportation equipment, and office furniture and equipment. Capital assets are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life of at least 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donations received from Friends of OETA are recorded at Friends of OETA’s cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life is not capitalized. Depreciation of capital assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives are as follows:

Buildings and improvements	5–40 years
Broadcast equipment	5–15 years
Transportation equipment	3–5 years
Office furniture and equipment	3–10 years

See Independent Auditors’ Report.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Compensated Absences

It is OETA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum vacation that can be accumulated is 480 hours. There is no liability for unpaid accumulated sick leave since OETA does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred.

In-Kind Contributions

In-kind contributions are recorded as revenues and expenses. The contributions consist primarily of the use of land and facilities of commercial television stations and professional services. These donations are recorded at estimated fair value.

Noncurrent Liabilities

Noncurrent liabilities include estimated amounts for accrued compensated absences, lease liability, and other liabilities that will not be paid within the next fiscal year.

Unearned Revenue

When the Authority receives funds from third parties before they have provided goods or services to the third party, the Authority records those funds as unearned revenue. Upon providing goods or services to the third party, the Authority recognizes these funds into income.

Leases

The Authority is a party as lessee for various noncancellable long-term leases of property, land, and equipment. The Authority determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, land, or equipment in exchange for consideration. Leases result in the recognition of lease assets and lease liabilities on the statements of net position. Lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Authority has elected not to record leases with an initial term of 12 months or less on the statements of net position.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Pension Plans

Defined Benefit Plan

OETA participates in a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Public Employees Retirement Plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

Defined Contribution Plan

Effective November 1, 2015, OPERS established Pathfinder, a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the years ended June 30, 2023 and 2022, OETA made contributions to Pathfinder of approximately \$193,000 and \$163,000, respectively.

Other Postemployment Benefits (OPEB)

OETA participates in the OPERS Health Insurance Subsidy Plan (HISP), a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS.

OETA participates in the Oklahoma Employees Group Insurance Division's (EGID) health insurance plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the health insurance plan before retiring.

OETA follows the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) in recording the net OPEB asset, total OPEB liability, deferred outflows, deferred inflows, and OPEB expense.

Use of Estimates

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

See Independent Auditors' Report.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Net Position

OETA's net position is classified as follows:

Net investment in capital assets—consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position—consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position—all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is OETA's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Deferred Inflows and Outflows of Resources

Deferred outflows and inflows of resources represent amounts associated with pension and other postemployment benefits (OPEB), as applicable, for differences between expected and actual experience, differences between projected and actual earnings on pension fund investments, changes in assumptions, and changes in proportion. Notes 5 and 6 detail the components of these items.

Recent Accounting Pronouncements

Accounting Standards Adopted in Fiscal Year 2023

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 defines and provides financial reporting requirements for Public-Private or Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). A PPP is an arrangement between a government (transferor) and an operator (governmental or non-governmental) to provide public services by conveying the right to control or use a nonfinancial or infrastructure asset for a period of time in an exchange-like transaction. An APA is a similar arrangement where the operator may also be compensated for services that include designing, constructing, financing and maintaining a nonfinancial asset for a period of time. The Authority adopted GASB 94 on July 1, 2022, which did not have a significant impact on the financial statements.

See Independent Auditors' Report.

(1) **NATURE OF ORGANIZATION AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Recent Accounting Pronouncements, Continued

Accounting Standards Adopted in Fiscal Year 2023, Continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Authority adopted GASB 96 on July 1, 2022, which did not have a significant impact on the financial statements.

Accounting Standards Issued Not Yet Adopted

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Authority adopted the sections that were effective for the June 30, 2023, reporting year, which did not have a significant impact on the financial statements. The remaining sections will be adopted by the Authority for the June 30, 2024, reporting year as required by GASB 99. The Authority does not expect the adoption of the remaining sections of GASB 99 to significantly impact the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Authority will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Authority does not expect GASB 100 to significantly impact the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employee's pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Authority will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Authority has not determined the impact of GASB 101 on the financial statements.

Date of Management's Review of Subsequent Events

OETA has evaluated subsequent events through November 17, 2023, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CAPITAL ASSETS

OETA's capital asset activity for the years ended June 30 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balance</u>
<u>2023</u>					
Capital assets not being depreciated:					
Land	\$ 26,272	-	-	-	26,272
Broadcast equipment—WIP	<u>-</u>	<u>74,563</u>	<u>-</u>	<u>-</u>	<u>74,563</u>
Total capital assets not being depreciated	<u>26,272</u>	<u>74,563</u>	<u>-</u>	<u>-</u>	<u>100,835</u>
Capital assets being depreciated:					
Building and improvements	5,451,161	156,777	-	(35,909)	5,572,029
Broadcast equipment	34,771,225	88,775	-	8,627	34,868,627
Transportation equipment	213,648	-	-	6,122	219,770
Office furniture and equipment	<u>810,410</u>	<u>99,415</u>	<u>-</u>	<u>22,442</u>	<u>932,267</u>
Total capital assets being depreciated	<u>41,246,444</u>	<u>344,967</u>	<u>-</u>	<u>1,282</u>	<u>41,592,693</u>
Less accumulated depreciation for:					
Building and improvements	(3,702,366)	(110,889)	-	1,512	(3,811,743)
Broadcast equipment	(32,058,931)	(730,400)	-	(19,136)	(32,808,467)
Transportation equipment	(97,944)	(27,744)	-	(102)	(125,790)
Office furniture and equipment	<u>(760,371)</u>	<u>(34,809)</u>	<u>-</u>	<u>(5,435)</u>	<u>(800,615)</u>
Total accumulated depreciation	<u>(36,619,612)</u>	<u>(903,842)</u>	<u>-</u>	<u>(23,161)</u>	<u>(37,546,615)</u>
 Total capital assets being depreciated, net	 <u>4,626,832</u>	 <u>(558,875)</u>	 <u>-</u>	 <u>(21,879)</u>	 <u>4,046,078</u>
 Total capital assets, net	 <u>\$ 4,653,104</u>	 <u>(484,312)</u>	 <u>-</u>	 <u>(21,879)</u>	 <u>4,146,913</u>

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CAPITAL ASSETS, CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balance</u>
<u>2022</u>					
Capital assets not being depreciated:					
Land	\$ 26,272	-	-	-	26,272
Total capital assets not being depreciated	<u>26,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,272</u>
Capital assets being depreciated:					
Building and improvements	5,385,665	65,496	-	-	5,451,161
Broadcast equipment	33,353,651	1,104,328	-	313,246	34,771,225
Transportation equipment	151,453	93,060	(30,865)	-	213,648
Office furniture and equipment	802,358	8,052	-	-	810,410
Total capital assets being depreciated	<u>39,693,127</u>	<u>1,270,936</u>	<u>(30,865)</u>	<u>313,246</u>	<u>41,246,444</u>
Less accumulated depreciation for:					
Building and improvements	(3,592,856)	(109,510)	-	-	(3,702,366)
Broadcast equipment	(31,342,047)	(716,884)	-	-	(32,058,931)
Transportation equipment	(110,983)	(17,826)	30,865	-	(97,944)
Office furniture and equipment	(736,553)	(23,818)	-	-	(760,371)
Total accumulated depreciation	<u>(35,782,439)</u>	<u>(868,038)</u>	<u>30,865</u>	<u>-</u>	<u>(36,619,612)</u>
Total capital assets being depreciated, net	<u>3,910,688</u>	<u>402,898</u>	<u>-</u>	<u>313,246</u>	<u>4,626,832</u>
Total capital assets, net	<u>\$ 3,936,960</u>	<u>402,898</u>	<u>-</u>	<u>313,246</u>	<u>4,653,104</u>

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) LEASES

The Authority is involved in various leases for office and production space and equipment, translator sites, satellite transponder services, transmission facilities, and fiber connections.

The following is a summary of changes in lease assets at June 30, 2023 and 2022:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Modification and Remeasurement</u>	<u>Reduction</u>	<u>Balance at June 30, 2023</u>
Lease assets:					
Land	\$ 6,960	-	15,403	(6,960)	15,403
Equipment	<u>1,042,655</u>	<u>1,785,345</u>	<u>-</u>	<u>(273,616)</u>	<u>2,554,384</u>
Total lease assets	1,049,615	1,785,345	15,403	(280,576)	2,569,787
Accumulated amortization	<u>(481,536)</u>	<u>(230,927)</u>	<u>-</u>	<u>280,576</u>	<u>(431,887)</u>
Lease assets, net	<u>\$ 568,079</u>	<u>1,554,418</u>	<u>15,403</u>	<u>-</u>	<u>2,137,900</u>
	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Modification and Remeasurement</u>	<u>Reduction</u>	<u>Balance at June 30, 2022</u>
Lease assets:					
Land	\$ 6,960	-	-	-	6,960
Equipment	<u>1,084,769</u>	<u>-</u>	<u>-</u>	<u>(42,114)</u>	<u>1,042,655</u>
Total lease assets	1,091,729	-	-	(42,114)	1,049,615
Accumulated amortization	<u>(261,825)</u>	<u>(261,825)</u>	<u>-</u>	<u>42,114</u>	<u>(481,536)</u>
Lease assets, net	<u>\$ 829,904</u>	<u>(261,825)</u>	<u>-</u>	<u>-</u>	<u>568,079</u>

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) LEASES, CONTINUED

The following is a summary of principal and interest requirements to maturity for the lease liabilities as of June 30, 2023:

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 191,271	66,684	257,955
2025	142,916	64,540	207,456
2026	91,781	61,675	153,456
2027	94,574	58,882	153,456
2028	97,471	55,985	153,456
2029–2033	452,885	233,894	686,779
2034–2038	505,556	149,224	654,780
2039–2043	543,273	47,830	591,103
2044–2048	17,392	608	18,000
2049–2053	<u>17,769</u>	<u>231</u>	<u>18,000</u>
	<u>\$ 2,154,888</u>	<u>739,553</u>	<u>2,894,441</u>

Included in expenses for each of the years ending June 30, 2023 and 2022, is a subsidy of \$231,730 from OETA’s supporting organizations for the use of the Tulsa studio. The Tulsa studio was constructed for the use of the Authority; therefore, the Authority will recognize a subsidy for the annual benefit for the use of the studio.

In February 2017, the Authority entered into a lease agreement to lease the Authority’s excess capacity on various channels to a wireless communications provider at a rate of \$17,000 per month through February 2047. The February 2017 agreement included a \$600,000 incentive fee to be paid to the Authority, which is to be repaid on a pro-rata basis if the contract is terminated within the first 60 months. The incentive fee was received by the Authority in July 2017. The Authority recognized approximately \$35,000 and \$90,000 of the fee in income for the years ended June 30, 2023 and 2022, respectively. Lease income, excluding the incentive fee, earned by the Authority totaled approximately \$215,000 and \$227,000 for the years ended June 30, 2023 and 2022, respectively. In May 2022, the monthly lease payment was increased to \$17,895. Future minimum rental income to be received by the Authority for noncancelable leases as of June 30, 2023, includes \$214,737 to be received annually through June 30, 2046, and approximately \$125,000 for the year ending June 30, 2047.

See Independent Auditors’ Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2023 and 2022, and changes for the fiscal years then ended were as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Modifications and Remeasure- <u>ments</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>1 Year</u>
<u>2023</u>						
Compensated absences	\$ 298,638	153,024	-	(151,977)	299,685	102,650
Lease liabilities	<u>570,209</u>	<u>1,785,345</u>	<u>15,403</u>	<u>(216,069)</u>	<u>2,154,888</u>	<u>191,271</u>
Total long-term liabilities	<u>\$ 868,847</u>	<u>1,938,369</u>	<u>15,403</u>	<u>(368,046)</u>	<u>2,454,573</u>	<u>293,921</u>
<u>2022</u>						
Compensated absences	\$ 254,534	103,730	-	(59,626)	298,638	79,061
Lease liabilities	831,225	-	-	(261,016)	570,209	185,898
Unearned revenue	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,175,759</u>	<u>103,730</u>	<u>-</u>	<u>(410,642)</u>	<u>868,847</u>	<u>264,959</u>

(5) PENSION PLAN

Plan Description

OETA contributes to the Oklahoma Public Employees Retirement Plan, a cost-sharing, multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (collectively referred to as “OPERS”). OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901 through 932 and Section 935, as amended, assigns the authority for management and operation of OPERS to the Board of Trustees of OPERS (the “Board”). OPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5400 N. Grand Boulevard, Suite 400, Oklahoma City, Oklahoma 73112 or by calling 1-800-733-9008, or can be obtained at <https://www.opers.ok.gov>.

See Independent Auditors’ Report.

(5) PENSION PLAN, CONTINUED

Benefits Provided

OPERS provides members with full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have 6 or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of 10 years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having 8 years of credited service whose disability status has been certified as being within 1 year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

For state, county, and local agency employees, benefits are determined at 2% of the average annual salary received during the highest 36 months of the last 10 years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last 10 years. Normal retirement age under the plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the plan.

See Independent Auditors' Report.

(5) PENSION PLAN, CONTINUED

Benefits Provided, Continued

Members become eligible to vest fully upon termination of employment after attaining 8 years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least 6 years of participating elected service and was married at least 3 years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, OPERS will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional \$200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to OPERS. In April 2001, limited benefit payments began for qualified retired members.

Benefits are established and may be amended by the Oklahoma Legislature from time to time.

(5) PENSION PLAN, CONTINUED

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

For 2023, 2022, and 2021, *state agency employers* contributed 16.5% on all salary, and *state employees* contributed 3.5% on all salary.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91%, which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Contributions to OPERS by OETA for 2023, 2022, and 2021 were approximately as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$	<u>187,000</u>	<u>199,000</u>	<u>203,000</u>

Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2023 and 2022, OETA reported a liability (asset) for its proportionate share of the net pension liability (asset). As of June 30, 2023, the net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. As of June 30, 2022, the net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. OETA's proportion of the net pension liability (asset) was based on OETA's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021. Based upon this information, OETA's proportion for June 30, 2023 and 2022, was 0.10755549% and 0.11031634%, respectively.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) PENSION PLAN, CONTINUED

**Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pension, Continued**

For the years ended June 30, 2023 and 2022, OETA recognized pension expense of \$262,837 and \$18,984, respectively. At June 30, 2023 and 2022, OETA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ -	41,451
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	948,939	-
Changes in proportion	-	2,469
OETA contributions subsequent to the measurement date	<u>186,929</u>	<u>-</u>
	<u>\$ 1,135,868</u>	<u>43,920</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	37,229
Changes in assumptions	109,101	-
Net difference between projected and actual earnings on pension plan investments	-	1,651,164
Changes in proportion	61,000	-
OETA contributions subsequent to the measurement date	<u>198,906</u>	<u>-</u>
	<u>\$ 369,007</u>	<u>1,688,393</u>

See Independent Auditors' Report.

(5) PENSION PLAN, CONTINUED

Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

Reported deferred outflows of resources of \$186,929 at June 30, 2023, related to pension resulting from OETA contributions subsequent to the measurement date will be recognized as a change of the net pension liability in the year ended June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources as of June 30, 2023, related to pension will be recognized in pension expense as follows:

Year Ending June 30:	
2024	\$ 391,733
2025	391,733
2026	<u>121,553</u>
	<u>\$ 905,019</u>

Actuarial Methods and Assumptions

The total pension liability was determined on an actuarial valuation prepared as of July 1, 2022 and 2021, using the following actuarial assumptions:

Investment return:	6.50% for 2022 and 2021, compounded annually, net of investment expense and including inflation.
Salary increases:	3.25% to 9.25% for 2022 and 2021, including price inflation.
Mortality rates:	Active participants and nondisabled pensioners: For 2022 and 2021—Pub-2010 Below Media General Membership Active/Retiree Healthy Mortality Table, with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2022 and 2021
Payroll growth:	3.25% for 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

The actuarial assumptions used in the July 1, 2022 and 2021, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2019. The experience study report is dated May 13, 2020.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2022 and 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
International developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long-term treasuries	3.5%	0.0%
U.S. TIPS	<u>3.5%</u>	0.3%
	<u>100.0%</u>	

See Independent Auditors' Report.

(5) **PENSION PLAN, CONTINUED**

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for both 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS’ 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. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the employer calculated using the discount rate of 6.50% for 2023 and 2022, as well as what OETA’s net pension (asset) 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:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
<u>2023</u>			
Net pension liability (asset)	\$ 2,215,889	904,074	(205,342)
	<u> </u>	<u> </u>	<u> </u>
<u>2022</u>			
Net pension (asset) liability	\$ (137,458)	(1,480,623)	(2,615,915)
	<u> </u>	<u> </u>	<u> </u>

Pension Plan Fiduciary Net Position

Detailed information about OPERS’ fiduciary net position is available in the separately issued financial report of OPERS, which can be located at www.opers.ok.gov.

(6) **OTHER POSTEMPLOYMENT BENEFITS**

HEALTH INSURANCE SUBSIDY OPEB

Description

OETA participates in the HISP, a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The HISP is classified as an “other postemployment benefit.”

Benefits Provided

HISP provides a health insurance premium subsidy for retirees of OPERS who elect to maintain health insurance with EGID or other qualified insurance plan provided by the employers. The HISP subsidy is capped at \$105 per month per retiree. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contribution to OPERS is set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to IRS limitations on compensation. Only employers contribute to the HISP. For 2023 and 2022, state agency employers contributed 16.5% on all salary.

Contributions to OPERS for the HISP by OETA for the years ended June 30, 2023, 2022, and 2021, were approximately \$21,000, \$22,000, and \$23,000, respectively.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

**OPEB Assets, OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, OETA reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, OETA reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2021. OETA's proportion of the net OPEB asset was based on OETA's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021. Based upon this information, OETA's proportion for June 30, 2023 and 2022, was 0.10755549% and 0.11031634%, respectively.

For the years ended June 30, 2023 and 2022, OETA recognized OPEB benefit related to the HISP of \$(7,800) and \$(19,209), respectively. At June 30, 2023 and 2022, OETA reported deferred outflows of resources and deferred inflows of resources related to the HISP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2023</u>		
Differences between expected and actual experience	\$ -	50,291
Changes in assumptions	8,499	-
Net difference between projected and actual earnings on OPEB investments	38,098	-
Changes in proportion	1,944	141
OETA contributions subsequent to the measurement date	<u>20,770</u>	<u>-</u>
	<u>\$ 69,311</u>	<u>50,432</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	49,164
Changes in assumptions	13,484	-
Net difference between projected and actual earnings on OPEB investments	-	43,185
Changes in proportion	432	212
OETA contributions subsequent to the measurement date	<u>22,101</u>	<u>-</u>
	<u>\$ 36,017</u>	<u>92,561</u>

See Independent Auditors' Report.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

**OPEB Assets, OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB, Continued**

Reported deferred outflows of resources of \$20,770 related to OPEB resulting from OETA's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023, will be recognized in OPEB expense as follows:

Year Ending June 30:		
2024	\$	(280)
2025		(275)
2026		(211)
2027		(219)
2028		(357)
Thereafter		<u>(549)</u>
	\$	<u><u>(1,891)</u></u>

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Actuarial Methods and Assumptions

The total OPEB liability was determined on an actuarial valuation prepared as of July 1, 2022 and 2021:

Investment return:	6.50% for 2022 and 2021, compounded annually, net of investment expense and including inflation.
Salary increases:	3.25% to 9.25% for 2022 and 2021, including price inflation.
Mortality rates:	Active participants and nondisabled pensioners: For 2022 and 2021—Pub-2010 Below Media General Membership Active/Retiree Healthy Mortality Table, with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2022 and 2021
Payroll growth:	3.25% for 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

The actuarial assumptions used in the July 1, 2022 and 2021, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2019. The experience study report is dated May 13, 2020.

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Actuarial Methods and Assumptions, Continued

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 and 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
International developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long-term treasuries	3.5%	0.0%
U.S. TIPS	<u>3.5%</u>	0.3%
	<u>100.0%</u>	

See Independent Auditors' Report.

(6) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% for 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' 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. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of OETA calculated using the discount rate of 6.50% for 2023 and 2022, as well as what OETA's net OPEB asset would be at June 30 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>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
<u>2023</u>			
Net OPEB asset	\$ <u>(64,975)</u>	<u>(100,659)</u>	<u>(131,234)</u>
<u>2022</u>			
Net OPEB asset	\$ <u>(114,044)</u>	<u>(151,665)</u>	<u>(183,912)</u>

OPEB Plan Fiduciary Net Position

Detailed information about OPERS' fiduciary net position is available in the separately issued financial report of OPERS, which can be located at www.opers.ok.gov.

(6) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY

Description

OETA participates in the EGID's health insurance plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the health insurance plan before retiring.

In conjunction with providing the postretirement medical benefits through the health insurance plan, the State of Oklahoma determined that an OPEB liability existed in relation to an implicit rate subsidy. The State of Oklahoma calculated the implicit rate subsidy of health insurance plan OPEB liability (IRSHIP OPEB liability) for all state agencies that participate in the EGID health insurance plan and whose payroll is processed through the State of Oklahoma's payroll system. OETA met these criteria and therefore was one of the agencies included in the State of Oklahoma's calculation.

The IRSHIP provides members with postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium. Participants in the health insurance plan can elect to enroll in special coverage, and surviving spouses may continue in the plan until age 65. Contributions to the health insurance plan are made by both participants and OETA on a "pay as you go" basis. OETA's contributions for the years ended June 30, 2023 and 2022, were approximately \$14,000 and \$12,000, respectively.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB**

At June 30, 2023 and 2022, OETA reported a liability for its proportionate share of the total IRSHIP OPEB liability. At June 30, 2023, the total IRSHIP OPEB liability was measured as of July 1, 2022, and the IRSHIP OPEB liability used to calculate the total IRSHIP OPEB liability was determined by an actuarial valuation as of June 30, 2023. At June 30, 2022, the total IRSHIP OPEB liability was measured as of July 1, 2021, and the IRSHIP OPEB liability used to calculate the total IRSHIP OPEB liability was determined by an actuarial valuation as of June 30, 2022. OETA's proportion of the total IRSHIP OPEB liability at June 30, 2023 and 2022, were both based on OETA's active employees as of July 1, 2021, to all active employees of the State agencies included in the State of Oklahoma's calculation. Based upon this information, OETA's proportion was 0.1259258% and 0.12133640% at June 30, 2023 and 2022, respectively.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB, Continued**

For the years ended June 30, 2023 and 2022, OETA recognized OPEB expense of \$8,413 and \$9,027, respectively. At June 30, 2023 and 2022, OETA reported deferred outflows of resources and deferred inflows of resources related to the IRSHIP OPEB liability from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ -	864
Changes in assumptions	8,168	15,394
Changes in proportion	4,150	5,248
OETA contributions subsequent to the measurement date	<u>13,939</u>	<u>-</u>
	<u>\$ 26,257</u>	<u>21,506</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	1,528
Changes in assumptions	9,963	10,049
Changes in proportion	6,774	8,229
OETA contributions subsequent to the measurement date	<u>12,249</u>	<u>-</u>
	<u>\$ 28,986</u>	<u>19,806</u>

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB, Continued**

Reported deferred outflows of resources of \$13,939 related to OPEB resulting from OETA’s contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Deferred inflows of resources and deferred outflows of resources related to the IRSHIP OPEB liability as of June 30, 2023, will be recognized in OPEB expense as follows:

Year Ending June 30:		
2024	\$	(1,551)
2025		(3,040)
2026		(1,191)
2027		(1,191)
2028		(1,275)
Thereafter		(940)
	\$	(9,188)

Actuarial Methods and Assumptions

The total IRSHIP OPEB liability was determined based on actuarial valuations prepared as of July 1, 2022 and 2021:

- Investment return—Not applicable, as the health insurance plan is unfunded and benefits are not paid from a qualifying trust.
- Mortality rates—

For 2022 and 2021—Pub-2010 Public Retirement Plans General Mortality Table weighted by headcount projected by MP-2021 as of July 1, 2021.

(Continued)

(6) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

Actuarial Methods and Assumptions, Continued

- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the health insurance plan’s participants are in, including—
 - Oklahoma Public Employees Retirement System
 - Oklahoma Law Enforcement Retirement System
 - Teachers’ Retirement System of Oklahoma
 - Uniform Retirement System of Justices & Judges
 - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan
- Plan participation—for 2023 and 2022, 45% of retired employees are assumed to participate in the health insurance plan.
- Marital assumptions—Male participants: 25% who elect coverage are assumed to have a spouse who will receive coverage

Female participants: 15% who elect coverage are assumed to have a spouse who will receive coverage

Males are assumed to be 3 years older than their spouses
- Plan entry date is the date of hire.
- Actuarial cost method—Entry age normal based upon salary
- Healthcare trend rate—6.10% decreasing to 4.80% for 2023 and 2022

At July 1, 2022, OETA had 48 participants in the plan.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% and 2.16% for June 30, 2023 and 2022, respectively. The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index.

See Independent Auditors’ Report.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

Changes in the Total OPEB Liability

The following table reports the components of changes in the total OPEB liability as of and for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 170,768	164,935
Changes for the year:		
Service cost	7,747	7,540
Interest expense	3,855	3,836
Actual experience	(544)	(607)
Changes in assumptions and deferred outflows and inflows	(8,764)	7,868
Benefits paid	<u>(13,045)</u>	<u>(12,804)</u>
Net changes	<u>(10,751)</u>	<u>5,833</u>
Balance at end of year	<u>\$ 160,017</u>	<u>170,768</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and the Healthcare Trend Rate

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total IRSHIP OPEB liability of OETA calculated using the discount rate of 3.54% and 2.16% for 2023 and 2022, respectively, as well as what OETA’s total IRSHIP OPEB liability would be at June 30 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>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
<u>2023</u>			
Total OPEB liability	<u>\$ 171,089</u>	<u>160,017</u>	<u>149,642</u>
	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
<u>2022</u>			
Total OPEB liability	<u>\$ 182,370</u>	<u>170,768</u>	<u>159,781</u>

See Independent Auditors’ Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and the Healthcare Trend Rate, Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate—The following presents the total OPEB liability at June 30, 2023 and 2022, calculated using the healthcare trend rate of 6.10% decreasing to 4.80%, as well as what the liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Healthcare Trend Rate (5.10% decreasing to <u>3.80%</u>)	Current Healthcare Trend Rate (6.10% decreasing to <u>4.80%</u>)	1% Increase in Healthcare Trend Rate (7.10% decreasing to <u>5.80%</u>)
<u>2023</u>			
Total OPEB liability	\$ <u>144,405</u>	<u>160,017</u>	<u>178,313</u>
	1% Decrease in Healthcare Trend Rate (5.10% decreasing to <u>3.80%</u>)	Current Healthcare Trend Rate (6.10% decreasing to <u>4.80%</u>)	1% Increase in Healthcare Trend Rate (7.10% decreasing to <u>5.80%</u>)
<u>2022</u>			
Total OPEB liability	\$ <u>154,702</u>	<u>170,768</u>	<u>189,637</u>

A copy of the actuarial valuations for the IRSHIP OPEB liability can be obtained at the following link:

<https://oklahoma.gov/content/dam/ok/en/omes/documents/ImplicitRateSubsidy2023.pdf>

(7) **OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN,
DEFERRED SAVINGS INCENTIVE PLAN, AND
DEFINED CONTRIBUTION PLAN**

Deferred Compensation Plan

The State of Oklahoma offers its employees a Deferred Compensation Plan (the "Plan") as authorized by Section 457 of the Internal Revenue Code (IRC), as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Plan is the Board.

The Plan is available to all State of Oklahoma employees, as well as any elected officials receiving a salary from the State of Oklahoma. Participants may direct the investment of their contributions in available investment options offered by the Plan. The minimum contribution amount is the equivalent of \$25 per month, and participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

Participants may defer until future years up to the lesser of 100% of their compensation as defined by plan documents or the maximum amount allowed each year as determined by the IRS.

The Plan offers a catch-up program to participants which allows them to defer annually for the 3 years prior to their year of retirement up to twice that plan year's deferral limit. The amount of additional contributions in excess of the normal maximum contributions to the Plan are also limited to contributions for years in which the participant was eligible but did not participate in the Plan or the difference between contributions made and the maximum allowable level. To be eligible for the catch-up program, the participant must be within 3 years of retirement with no reduced benefits.

Participants age 50 or older may make additional contributions annually, subject to certain limits.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Plan's provisions.

(7) **OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN,
DEFERRED SAVINGS INCENTIVE PLAN, AND
DEFINED CONTRIBUTION PLAN, CONTINUED**

Deferred Compensation Plan, Continued

Effective January 1, 1998, the Board established a trust and a trust fund covering the Plan's assets, pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC no later than January 1, 1999. Under the terms of the trust, the corpus or income of the trust fund may be used only for the exclusive benefit of the Plan's participants and their beneficiaries. Prior to the establishment of the trust, the Plan's assets were subject to the claims of general creditors of the State of Oklahoma. The Board acts as trustee of the trust. The participants' accounts are invested in accordance with the investment elections of the participants. The Board is accountable for all deferred compensation received, but has no duty to require any compensation to be deferred or to determine that the amounts received comply with the Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Plan.

Further information may be obtained from the Plan's audited financial statements for the years ended June 30, 2023 and 2022. OETA believes that it has no liabilities with respect to the Plan.

Deferred Savings Incentive Plan

Effective January 1, 1998, the State of Oklahoma established the Oklahoma State Employees Deferred Savings Incentive Plan (the "Savings Incentive Plan") as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a state employee and is an active participant in the Plan is eligible for a contribution of the amount determined by the Oklahoma Legislature, currently the equivalent of \$25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Plan and is not voluntary.

Upon cessation of contributions to the Plan, termination of employment with the State of Oklahoma, retirement, or death, a participant will no longer be eligible for contributions from the State of Oklahoma into the Savings Incentive Plan. Participants are at all times 100% vested in their Savings Incentive Plan account. Participant contributions are not required or permitted. Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Plan participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends, and investment fees are allocated to the participants' accounts.

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

See Independent Auditors' Report.

(7) **OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN,
DEFERRED SAVINGS INCENTIVE PLAN, AND
DEFINED CONTRIBUTION PLAN, CONTINUED**

Defined Contribution Plan

Pathfinder is a mandatory defined contribution plan for eligible state employees who first became employed by a participating employer on or after November 1, 2015, and who have no prior participation in OPERS.

Under this plan, members choose a contribution rate, which is matched by their employer up to 7%, and members have the freedom to select and change their investments. A defined contribution plan like Pathfinder does not provide a guaranteed lifetime source of income. The amount a participant has at retirement under a defined contribution plan is dependent upon how much was contributed over his/her career, how well those investments performed, and how quickly distributions are taken in retirement.

The Pathfinder plan is one retirement plan with two components: a savings incentive 401(a) plan for mandatory contributions; and a deferred compensation 457(b) plan for additional voluntary contributions. The mandatory 401(a) plan contribution is 4.5% of the participant's annual salary, and state agency employers contribute an additional 6%. In addition, the participant can receive an additional 1% matching contribution when they make a voluntary contribution of 2.5% to the 457(b) plan. The agency contributes 16.5% to all eligible employees. The amounts not used for matching with Pathfinder are given to OPERS and do not come back to the agency.

(8) **RISK MANAGEMENT**

OETA, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund public risk pools. OETA pays an annual premium to the pools for its torts, property, and worker's compensation insurance coverage. The Oklahoma Risk Management Pool's governing agreements specify that the pool will be self-sustaining through member premiums and will reinsure through commercial carrier for claims in excess of specified stop-loss amounts.

(9) **GRANTS FROM CORPORATION FOR PUBLIC BROADCASTING**

OETA receives several grants from the Corporation for Public Broadcasting. Funds from these grants, including the Community Service Grant (CSG), are received by Friends of OETA, as they have been designated the alternate payee by OETA. As the alternate payee, Friends of OETA receives the funds and disburses them at the discretion of OETA. OETA authorizes certain of its expenses to be paid directly by Friends of OETA from the grant funds received. Authorized disbursements paid by Friends of OETA on behalf of OETA are recorded as revenue by OETA and included in the line item labeled "Grant revenue passed through Friends of OETA, Inc.," with the offsetting related expenses recorded in the statements of revenues, expenses, and changes in net position or in capital assets on the statements of net position, as appropriate. Cash received by OETA from Friends of OETA to pay expenses is recorded in the cash flow statements as cash flows from operating activities. OETA received no grant-funded cash from Friends of OETA during the year ended June 30, 2023 or 2022.

Cash from grants received by Friends of OETA but not yet disbursed is recognized on Friends of OETA's statements of financial position as restricted cash. This cash has not been recognized on OETA's statements of net position. The amount of revenue recognized related to the CSG for the years ended June 30, 2023 and 2022, totaled \$2,537,158 and \$1,983,697, respectively. The restricted cash reported on Friends of OETA's statements of financial position held on-behalf of OETA at June 30, 2023 and 2022, totaled \$2,543,853 and \$3,470,794, respectively.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT)

Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Friends of OETA, Inc. (the "Organization" or "Friends of OETA") was incorporated November 13, 2018. The Organization was formed to raise funds and support the activities and programs of the Oklahoma Educational Television Authority (OETA) by receiving, investing, managing, and expending non-state-appropriated funds and properties. The Organization's Board of Directors are appointed by OETA and can be removed with or without cause by OETA.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and liabilities.

See Independent Auditors' Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Basis of Presentation

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations, but rather are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2023 and 2022, all net assets with donor restrictions were from grant revenues received from the Corporation for Public Broadcasting.

Contributions and Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization records unconditional pledges or promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on current status of the individual pledges, historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

See Independent Auditors' Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No significant contributions of such services were received during the years ended June 30, 2023 or 2022.

Use of Estimates

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

Accounting Estimates

Estimates that are particularly susceptible to significant change include the allowance for doubtful accounts and the valuation of investments. The allowance for doubtful accounts is subject to credit risk. Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements. Significant fluctuations in fair values could occur from year to year, and the amounts the Organization will ultimately realize could differ materially.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments not included in the Organization's investment accounts with an initial maturity of 3 months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash represents funds received from third parties who require such funds to be maintained separately for restricted use as directed by the third parties.

See Independent Auditors' Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

Fixed Assets and Depreciation

Fixed assets include transportation equipment, furniture, computers and equipment, buildings and improvements, and land. Fixed assets are stated at cost or, in the case of donated fixed assets, at their estimated fair value at the date of donation. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of fixed assets are as follows:

Transportation equipment	3 years
Furniture, computers, and equipment	3–15 years
Buildings and improvements	5–40 years

Management reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023 or 2022.

See Independent Auditors' Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Revenue and Revenue Recognition

The Organization receives underwriting revenue for sponsorship of television programs. The Organization recognizes revenue when the performance obligations of providing sponsorship acknowledgements are met, which is when the related programs were broadcasted. Underwriting fees received in advance for the next fiscal year are recognized as deferred revenue. As the deferred revenue is anticipated to be earned within the next fiscal year, it is classified as a liability in the accompanying statements of financial position. As of June 30, 2023 and 2022, the Organization had \$85,196 and \$82,933, respectively, in deferred revenue.

The Organization also receives certain royalty revenue from the Copyright Royalty Board of the Copyright Office and Library of Congress for cable retransmission copyright royalty funds provided to all Public Broadcasting System stations. The Organization recognizes the royalty revenue when the repayments are received.

Contributions of Nonfinancial Assets

The Organization recognized contributed nonfinancial assets within revenue, including property and equipment. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire land, property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

In December 2022, the land in Oklahoma City, Oklahoma, on which the buildings and related improvements of the Organization and OETA are located was donated to the Organization by an unrelated third party. The Organization recognized the land donation of \$560,000 for the year ended June 30, 2023.

See Independent Auditors' Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements

The Organization follows *Accounting Standards Codification* Topic 820, “Fair Value Measurement” (ASC 820), which provides the framework for measuring fair value. The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3—Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization’s assessment of the quality, risk, or liquidity profile of the asset.

The Organization uses appropriate valuation methods based on the available inputs to measure the fair value of its assets.

See Independent Auditors’ Report.

(10) **FRIENDS OF OETA, INC.**
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Costs are reported as support to OETA, general and administrative, and fundraising based on evaluations of the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Concentrations of Credit Risk

The Organization's cash and cash equivalents held in bank deposit accounts, at times, may exceed federally insured limits. At June 30, 2023 and 2022, the Organization had approximately \$1,124,000 and \$5,947,000, respectively, of deposits in excess of FDIC insured limits, currently \$250,000 per financial institution. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

At June 30, 2023, the Organization had approximately \$2,723,000 of cash equivalents in the form of a money market mutual fund. The amounts in the money market mutual fund are not covered by FDIC insurance. However, since amounts in the money market mutual fund are invested in bills, bonds, notes and other instruments issued by the U.S. Government or the U.S. Treasury, management believes any possible loss to the Organization due to credit risk is minimal.

For the years ended June 30, 2023 and 2022, substantially all of the Organization's grant revenue was received from the Corporation for Public Broadcasting.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any income that the Organization generates from an unrelated trade or business which is subject to federal corporate taxes on income. The Organization is classified as a Type I supporting organization of OETA under Internal Revenue Code Section 509(a)(3).

The Organization evaluates and accounts for its uncertain tax positions, if any, in accordance with ASC Topic 740, "Income Taxes," including the Organization's tax position as a tax-exempt, not-for-profit entity. Through the Organization's evaluation of its uncertain tax positions, management has determined no uncertain tax positions existed as of June 30, 2023 or 2022, which would require the Organization to record a liability for the uncertain tax positions in its financial statements. Interest and penalties, if any, resulting from any uncertain tax position required to be recorded by the Organization would be presented in operating expenses in the statements of activities. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years ended on or before June 30, 2020.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) FRIENDS OF OETA, INC.
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Advertising Costs

The Organization expenses advertising costs as they are paid.

Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within 1 year of the statement of financial position date, were comprised of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,621,795	2,963,547
Pledges receivable, net	594,151	314,445
Other receivables	13,044	75,202
Investments	<u>43,456,654</u>	<u>36,858,448</u>
	<u>\$ 45,685,644</u>	<u>40,211,642</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization intends to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization anticipates managing its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Pledges Receivable

Pledges receivable or promise to give are unconditional and unrestricted. These unconditional promises to give are expected to be received by the Organization in less than 1 year and are reported net of an allowance of \$162,860 and \$96,594 as of June 30, 2023 and 2022, respectively. Unconditional promises to give are primarily from individuals located throughout the state of Oklahoma.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) FRIENDS OF OETA, INC.
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30 were as follows:

	Assets and Liabilities Measured at Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2023</u>				
Financial assets:				
Investments:				
Certificates of deposit	\$ 2,186,835	-	2,186,835	-
Mutual funds:				
Equity	26,646,999	26,646,999	-	-
Fixed income	7,197,873	7,197,873	-	-
Alternative	3,988,234	3,988,234	-	-
Cash and cash equivalents	3,274,072	3,274,072	-	-
Common stock	162,641	162,641	-	-
	<u>\$ 43,456,654</u>	<u>41,269,819</u>	<u>2,186,835</u>	<u>-</u>
<u>2022</u>				
Financial assets:				
Investments:				
Cash and money market funds	\$ 198,108	198,108	-	-
Mutual funds:				
Equity	20,839,205	20,839,205	-	-
Fixed income	7,289,486	7,289,486	-	-
Alternative	5,670,363	5,670,363	-	-
Cash and cash equivalents	2,722,626	2,722,626	-	-
Common stock	138,660	138,660	-	-
	<u>\$ 36,858,448</u>	<u>36,858,448</u>	<u>-</u>	<u>-</u>

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(10) FRIENDS OF OETA, INC.
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Fair Value Measurements, Continued

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments

A significant portion of the Organization's investment assets are classified within Level 1 because they comprise mutual funds and common stock with readily determinable fair values based on quoted market prices in active markets. The Organization invests in certificates of deposit held at other financial institutions. The certificates of deposit are valued by the custodians of the security using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair value measurements considered to be observable inputs may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other things.

Fixed Assets

A summary of fixed assets is as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 560,000	-
Furniture, computers, and equipment	15,768	15,768
Buildings and improvements	<u>2,578,463</u>	<u>2,578,463</u>
	3,154,231	2,594,231
Less accumulated depreciation	<u>(470,795)</u>	<u>(378,057)</u>
	<u>\$ 2,683,436</u>	<u>2,216,174</u>

The Organization's buildings and improvements in Oklahoma City were built as an addition to OETA's building, both of which are located on land donated by an unrelated third party.

See Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

**SCHEDULE OF OETA'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)**

Oklahoma Public Employees Retirement System

*Last 9 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
OETA's proportion of the net pension liability (asset)	0.1076%	0.1103%	0.1124%	0.1042%	0.1077%	0.1044%	0.1096%	0.1284%	0.1286%
OETA's proportionate share of the net pension liability (asset)	\$ 904,074	(1,480,623)	1,003,008	138,788	210,000	564,719	1,087,088	461,981	236,029
OETA's covered-employee payroll	\$ 1,339,434	1,364,036	2,046,844	1,891,703	1,875,176	1,688,489	1,969,206	2,275,912	2,153,255
OETA's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	67.50%	(108.55)%	49.00%	7.34%	11.20%	33.45%	55.20%	20.30%	10.96%
Plan fiduciary net position as a percentage of the total pension liability	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

*The amounts presented for each fiscal year were determined as of June 30 of the prior year.

Only the last 9 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S CONTRIBUTIONS
Oklahoma Public Employees Retirement System

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 186,929	198,906	202,559	236,843	235,202	248,781	284,251	322,459	371,848	359,437
Contributions in relation to the contractually required contribution	<u>186,929</u>	<u>198,906</u>	<u>202,559</u>	<u>236,843</u>	<u>235,202</u>	<u>248,781</u>	<u>284,251</u>	<u>322,459</u>	<u>371,848</u>	<u>359,437</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OETA's covered-employee payroll	\$ 1,258,780	1,339,434	1,364,036	2,046,844	1,891,703	1,875,176	1,688,489	1,969,206	2,275,912	2,153,255
Contributions as a percentage of covered-employee payroll	14.85%	14.85%	14.85%	11.57%	12.43%	13.27%	16.83%	16.38%	16.34%	16.69%

*Restated for the adoption of GASB 75.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S PROPORTIONATE SHARE OF
THE NET OPEB ASSET
Oklahoma Public Employees Health Insurance Subsidy Plan

Last 6 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OETA's proportion of the net OPEB asset	0.1076%	0.1103%	0.1124%	0.1042%	0.1077%	0.1044%
OETA's proportionate share of the net OPEB asset	\$ (100,659)	(151,665)	(52,708)	(40,514)	(13,933)	(42,215)
OETA's covered payroll	\$ 1,339,434	1,364,036	2,046,844	1,891,703	1,875,176	1,688,489
OETA's proportionate share of the net OPEB asset as a percentage of its covered payroll	(7.52)%	(11.12)%	(2.58)%	(2.14)%	(0.74)%	2.50%
OPERS' fiduciary net position as a percentage of the total OPEB liability	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%

*The amounts presented for the fiscal year were determined as of June 30 of the prior year.

Only the last 6 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

**SCHEDULE OF OETA'S CONTRIBUTIONS
Oklahoma Public Employees Health Insurance Subsidy Plan**

Last 6 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 20,770	22,101	22,507	26,316	26,134	27,642
Contributions in relation to the contractually required contributions	<u>20,770</u>	<u>22,101</u>	<u>22,507</u>	<u>26,316</u>	<u>26,134</u>	<u>27,642</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OETA's covered payroll	\$ 1,258,780	1,339,434	1,364,036	2,046,844	1,891,703	1,875,176
Contributions as a percentage of covered payroll	1.65%	1.65%	1.65%	1.29%	1.38%	1.47%

Only the last 6 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Implicit Rate Subsidy of Health Insurance Plan OPEB Liability

Last 6 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 7,747	7,540	5,700	6,175	5,681	6,491
Interest	3,855	3,836	5,369	6,716	5,809	4,931
Actual experience	(544)	(607)	(561)	(478)	(295)	-
Changes in assumptions and deferred outflows and inflows	(8,764)	7,868	9,325	(929)	(1,932)	(8,119)
Benefits paid	<u>(13,045)</u>	<u>(12,804)</u>	<u>(12,472)</u>	<u>(13,944)</u>	<u>(12,050)</u>	<u>(13,932)</u>
Net change in total OPEB liability	(10,751)	5,833	7,361	(2,460)	(2,787)	(10,629)
Total OPEB liability—beginning	<u>170,768</u>	<u>164,935</u>	<u>157,574</u>	<u>160,034</u>	<u>162,821</u>	<u>173,450</u>
Total OPEB liability—ending	<u>\$ 160,017</u>	<u>170,768</u>	<u>164,935</u>	<u>157,574</u>	<u>160,034</u>	<u>162,821</u>
Covered-employee payroll	\$ 1,339,434	1,364,036	2,046,844	1,891,703	1,875,176	1,688,489
Total OPEB liability as a percentage of covered-employee payroll	11.95%	12.52%	8.06%	8.33%	8.53%	9.64%

Only the last 6 fiscal years are presented because 10-year data is not readily available.

The discount rate used for 2023 was 3.54%.

The discount rate used for 2022 was 2.16%.

The discount rate used for 2021 was 2.21%.

The discount rate used for 2020 was 3.58%.

The discount rate used for 2019 was 3.87%.

The discount rate used for 2018 was 3.58%.

See Independent Auditors' Report.

**INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

Board of Directors
Oklahoma Educational Television Authority
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and the discretely presented component unit of the Oklahoma Educational Television Authority (OETA or the "Authority"), collectively a component unit of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 17, 2023. Our report includes an explanatory paragraph disclaiming an opinion on management's discussion and analysis and required supplementary information. Our report also includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of the State of Oklahoma that is attributable to transactions of the Authority.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

(Continued)

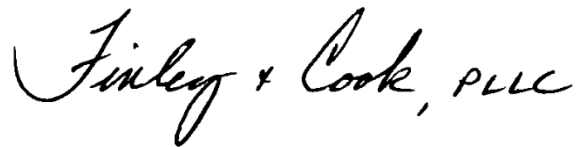
**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, CONTINUED**

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
November 17, 2023

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2023

None.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH
ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

2022-001—Audit Adjusting Journal Entries—Material Weakness

Finding:

Several audit adjusting journal entries (AJEs) were required to be made to properly reflect the Authority’s financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Areas impacted by the AJEs included: cash, receivables, capital assets and depreciation, lease assets and liabilities, net pension asset and net OPEB asset, total OPEB liability, deferred outflows and deferred inflows, compensated absences, unearned revenue, and various revenue and expense accounts.

Criteria:

The internal accounting records of the Authority are primarily maintained on a cash basis, but the external financial statements are required to be reported on a full accrual basis in accordance with GAAP.

Condition:

The Authority does not have a formalized year-end closing process to ensure that all account balances are converted to the full accrual basis prior to providing financial information to its external auditors.

Cause:

The Authority did not make the required year-end closing entries to properly reflect its financial information on the full accrual basis as required by GAAP.

Effect:

Material misstatements were pervasive throughout the Authority’s financial statements requiring several AJEs to correct and present the financial statements in accordance with GAAP.

Recommendations:

We recommend the Authority take steps to enhance its year-end closing process to correct the types of misstatements that result in AJEs, including developing a year-end closing checklist of the various required closing entries. We also recommend that the Authority utilize a third-party accounting firm to assist with the year-end closing process and provide guidance and training to the Authority’s finance personnel on how to complete the year-end closing entries.

Views of Responsible Officials and Planned Corrective Actions:

OETA management agrees with the above finding. In FY2022, OETA began a 2-year process and contracted with a third-party accountant to implement a year-end closing entry process. These procedures will be completed by OETA’s Executive Director and Vice President of Finance and Administration by June 30, 2023.

Current Status:

Based on the 2023 audit procedures, we noted significant improvement with the only significant adjusting entries relating to GASB 68, GASB 75, and GASB 87 accounts which are primarily for audit presentation purposes. As such, we consider this item to be cleared.