

**DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION**

Annual Financial Report

June 30, 2022



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ARKANSAS EDUCATIONAL TELEVISION COMMISSION
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Division of Elementary and Secondary Education - Arkansas Educational Television Commission
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Division of Elementary and Secondary Education - Arkansas Educational Television Commission (the "Commission"), a commission of Arkansas state government, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2022, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As indicated above, the financial statements of the Commission are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities and the major fund of the State that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2022, the changes in its financial position, or budgetary comparisons for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the financial statements, in 2022 the Commission adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Commission's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund in our report dated November 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements 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 Commission'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 Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed in the accompanying 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Selected Information, Schedule of Combined Statement of Net Position, and Schedule of Combined Statement of Activities but does not include the basic financial statements and our auditor's reports thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of the Commission'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 the testing and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
February 3, 2023
SA1451622

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Division of Elementary and Secondary Education - Arkansas Educational Television Commission
Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Division of Elementary and Secondary Education - Arkansas Educational Television Commission (the "Commission"), a commission of Arkansas state government, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the Schedule of Findings and Responses below as items 2022-1 and 2022-2, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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*.

SCHEDULE OF FINDINGS AND RESPONSES

2022-1

Ark. Code Ann. § 19-11-204(13)(A) defines “small procurements” as procurements not exceeding \$20,000, which may be obtained without seeking bids; however, competition should be used to the maximum extent practicable. Additionally, as noted in Ark. Code Ann. § 19-11-234(d), using repeated small quantity procurements to circumvent competitive bid limits or failing to obtain competitive bids without justification constitutes a violation of Arkansas Procurement Law. Finally, the *State of Arkansas Financial Management Guide* states that vendors should be selected before a purchase order is created; after the purchase order is approved, it can be printed and sent to the vendor.

We selected 10 vendors used by the Agency with transactions both above and below the \$20,000 threshold for obtaining bids. Our review revealed the following:

- On multiple occasions, the Agency entered into agreements to procure goods and services from two companies owned by the same person. If the goods and services had been obtained from the same company, bids would have been required.
- The Agency regularly informed vendors how much they would pay for goods and services. While this practice does not appear to violate a specific purchasing law, it raises the question of whether a vendor would have charged less had the Agency not provided this information.
- The Agency made numerous purchases just below the \$20,000 threshold for obtaining bids.
- The Agency regularly paid for a portion of goods and services before they were obtained.
- The Agency often executed an internally-generated Scope of Work agreement with vendors instead of a purchase order; therefore, goods and services may have been procured before purchase orders were created.

The Agency circumvented and violated certain aspects of Arkansas Procurement Law due, in part, to indifference to select procurement and accounting rules and laws as well as the need to produce over 100 hours of new content in a limited amount of time.

We recommend the Agency strengthen internal controls to comply with applicable requirements of Arkansas Procurement Law, as well as guidance within the *State of Arkansas Financial Management Guide*.

Management response:

- *Services were obtained from two different vendors, each with its own TaxID. Amounts contracted with each vendor did not exceed the \$20,000 bid threshold. This was for a 30-day daily production shoot. There are no other qualified vendors in Central Arkansas who offer these services.*

One company provided specialized lighting and grip equipment and the services of a principal lighting director. The second company provided certified skilled technicians to operate the specialized equipment.

Total FY2022 invoices per vendor did not exceed the \$20,000 bid threshold for either vendor.

- *Management agrees that this practice could impact competitive pricing. The agency produced 251 (5 to 7-minute) segments during a 3-month period for K-5 students under the Rise and Shine grant. In one instance, the field trip segments Scope of Work, budget information was incorrectly included.*

In the future, the agency will take extra care to ensure no rate information is included in a SOW.

Management response: (Continued)

- *The agency works on hundreds of projects in any given year. Many require contracted services. Many of the contracted services for an individual project fall under the \$20,000 bid threshold. The fact that some procurements fell just below the threshold in FY2022 is incidental rather than by design.*

The agency worked directly with the State Procurement Director in 2018 to receive an administrative interpretation of Ark. Code Ann. 19-11-234(d) which deals with competitive bidding. The administrative interpretation the agency received regarding repeated small procurements indicated the statute “contemplates a split made for intent to avoid a legal requirement” versus the separate costs associated with individual projects, with the project being the defining variable for determining compliance with the competitive bid threshold. Per the Office of State Procurement administrative interpretation: “...a contract to produce one show has a cost. Production on a different show has its own cost. Those are two separate costs, not a split purchase.”

The agency makes every effort to comply with both the letter and the intent of the law and will continue to do so.

- *Management acknowledges prepayment for some creative services. It is industry standard practice to provide up-front funds for certain artistic services like animation, development of a character and pre-production planning, as examples.*

For these and some other creative services, vendors do not typically quantify their creative output on a percentage of completion basis for payment. They require a percentage of up-front funding as a condition of accepting the work.

The agency will work directly with the Office of State Procurement to find a solution to this challenge to ensure the agency complies with State Procurement Law.

In addition, one vendor was inadvertently paid a portion of their invoice prior to work being completed because of an internal communication error related to a scope change. The agency will take extra care to ensure this does not happen in the future.

- *The agency completes detailed Scopes of Work for every project as a method to ensure project requirements are defined and there are no surprises once production begins. This step is performed in addition to issuance of a purchase order. The SOW is always finalized with a vendor before work begins and before a purchase order is generated for the work. In a few instances, there may have been a slight delay in issuing a purchase order after the SOW was finalized and signed. The agency has already taken measures to ensure vendors are not authorized to begin work until a signed purchase order has been issued.*

Management values, welcomes, and respects the recommendations and feedback of Arkansas Legislative Audit. Any violation of accounting regulations or law was unintentional. Any interaction that caused Arkansas Legislative Audit to form an impression of agency indifference to the law was unintentional and unfounded.

We reaffirm our respect for the law and accounting rules. We continue to hold ourselves to the highest standards regarding stewardship of agency resources, integrity, ethical conduct, and compliance with the law. We acknowledge the findings and will ensure that all directors and staff receive comprehensive procurement training to understand its complexities and ensure compliance with the law.

Management values the feedback of Arkansas Legislative Audit. The agency will review its internal controls, processes, and procedures, and amend as needed to ensure compliance with State Procurement Law and the State of Arkansas Financial Management Guide.

2022-2 Time and Effort (T&E) sheets, which are prepared separately from the regular timekeeping function, are used by certain Agency employees to track the number of hours worked on various projects. The Agency used inaccurate T&E sheets to support payroll costs reimbursed from grants awarded by the Arkansas Department of Education (ADE). Of 159 T&E sheets that were used as support for the "Rise and Shine 2022" grant from May through September 2022, we selected 30 sheets for 13 employees for review. Our review revealed that the hours ADE reimbursed for that grant exceeded the number of hours on the selected T&E sheets by 119 hours, totaling \$2,267. Additionally, the total number of hours on the selected T&E sheets exceeded the number of hours in AASIS for which employees were paid by 87.5 hours, totaling \$1,756. The Agency did not reconcile T&E sheets to AASIS timely or ensure that the number of hours for specific grant programs, which would be reimbursed by the grantor, were correct.

We recommend the Agency strengthen internal controls to timely reconcile the T&E sheets to AASIS so that requests for reimbursement of grant-related expenses are appropriate.

Management response: *The agreed-upon process between ADE and AETC was for Wednesday submission of payroll advance requests. This process required AETC to submit estimated payroll costs to ADE in advance of payroll. Occasionally, there were variances between estimated payroll and actual payroll costs.*

At the end of the Rise and Shine project, a final reconciliation of actual AETC expenses to amounts reimbursed by ADE was performed. AETC was owed \$10,529.10 in additional reimbursements from ADE for salary and benefits compared to previously estimated and reimbursed amounts.

For future projects, AETC will work with ADE to revise the process to ensure both timely reconciliation and timely cost reimbursements.

The agency will ensure timely reconciliation of grant T&E sheets to AASIS on future projects. All T&E sheets will be reviewed and reconciled by the Directors of Education & Human Resources for accuracy. In the future, the CFO will review the T&E sheets for compliance before final submission.

Agency's Response to Findings

Government Auditing Standards require the auditors to perform limited procedures on the Agency's responses to the findings identified in our audit and described in the Schedule of Findings and Responses above. The Agency's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the responses.

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. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Tom Bullington, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 3, 2023

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The following is a discussion and analysis of the financial performance of the Division of Elementary and Secondary Education - Arkansas Educational Television Commission, referenced throughout as the Commission. This discussion provides an overview of the activities for the fiscal year ended June 30, 2022, and compares them to the fiscal year ended June 30, 2021. The report also serves as an introduction to the Commission's basic financial statements. It is important that the discussion and analysis be read in conjunction with the financial statements and notes that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains supplementary information to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the Commission's finances in a manner similar to private-sector business reports. The statement of net position and statement of activities report governmental activities, which are primarily supported by taxes, intergovernmental revenues, and other grants. All services provided by the Commission are governmental activities.

The *Statement of Net Position* presents financial information on all of the Commission assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The *Statement of Activities* presents information showing how the Commission's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash inflows or outflows. The revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., earned but unused compensated absences or vacation leave).

The government-wide financial statements of the Commission only include the operations of the Arkansas Educational Television Commission, a commission of the State of Arkansas. The Commission is required to report its activities separately from the State as a whole to the Corporation for Public Broadcasting each year in order to acquire grant funding. The Corporation for Public Broadcasting also requires the Commission to report the activities of its related fundraising organization, the AETN Foundation (doing business as the Arkansas PBS Foundation), a legally separate 501c(3) nonprofit. The AETN Foundation does not meet the Governmental Accounting Standards Board requirements for presentation in these financial statements as a component unit, but a summary of financial information of the Foundation is included in the notes following the basic financial statements.

Fund Financial Statements

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The fund financial statements have four sections: the balance sheet; the reconciliation of the governmental funds balance sheet to the statement of net position; the statement of revenues, expenditures, and changes in fund balance-governmental funds; and the reconciliation of the statement of revenues, expenditures, and changes in fund balance-governmental funds to the statement of activities. The reconciliation statements are provided to facilitate a comparison between governmental funds and governmental activities.

The General Fund

The Commission maintains one governmental fund, the General Fund, to account for all activities. This is the primary operating fund and consists of state appropriations, grants, project and production underwriting, and charges for services. On June 30, 2022, the General fund had a 22% decrease in fund balance, from \$5,122,799 at June 30, 2021, to \$3,989,429. The decrease in fund balance was primarily due to the drop-off of CARES Act funding support and the investment in broadcast infrastructure to expand the Commission's broadcast area, as those projects were completed in fiscal year 2022. The fund balance at June 30, 2022, includes non-spendable amounts for prepaid expenses of \$593,553; restricted for federal grants of \$137,261; restricted for Corporation for Public Broadcasting Community Service Grants of \$2,130,980; and unassigned fund balance of \$1,127,635.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2022

Notes to the Financial Statements

Notes to financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements section of this report.

Budget

In addition to the basic financial statements and accompanying notes, this report presents a statement of revenues, expenditures, and changes in fund balances-budget and actual-general fund. The budgeted amounts shown are based on appropriations approved by the Arkansas State Legislature. The appropriated amounts do not represent actual funding; therefore, if funding is not received for a requested project appropriation, or right to spend, there will be a significant variance between budget and actual. In fiscal year 2022, the Commission had unfunded projects and vacant positions accounting for most of the variance between budget and actual.

Capital Assets

The Commission's net investment in capital assets at June 30, 2022, was \$14,522,119. This is higher than the June 30, 2021, net investment in capital assets of \$11,481,501. The increase in the book value of assets is due to a significant investment in broadcast infrastructure to increase the Commission's broadcast area as a response to COVID-19 school closures.

Commission Condensed Financial Information and Analysis

Condensed Statement of Net Position-Governmental Activities

	Governmental Activities	
	2022	2021
Current assets	\$ 5,475,067	\$ 6,036,384
Non-Current assets	53,725	
Capital assets (net)	<u>14,522,119</u>	<u>11,481,501</u>
Total assets	20,050,911	17,517,885
Deferred outflows related to pensions & OPEB	3,144,410	4,277,679
Total assets and deferred outflows of resources	<u>\$ 23,195,321</u>	<u>\$ 21,795,564</u>
Current liabilities	\$ 2,014,796	\$ 1,220,486
Long-term liabilities	<u>8,896,031</u>	<u>16,494,787</u>
Total liabilities	<u>10,910,827</u>	<u>17,715,273</u>
Deferred inflows related to pensions & OPEB	6,210,877	1,206,627
Total liabilities and deferred inflows of resources	<u>17,121,704</u>	<u>18,921,900</u>
Net investment in capital assets	14,522,119	11,481,501
Restricted - Federal grants	489,323	426,544
Restricted - CPB grants	2,248,388	2,317,488
Unrestricted	<u>(11,186,213)</u>	<u>(11,351,869)</u>
Total net position	<u>6,073,617</u>	<u>2,873,664</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,195,321</u>	<u>\$ 21,795,564</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2022

The Commission's net position increased \$3,199,953, primarily due to the increase in net capital assets and the increase in grant funding. The increase in the Commission's net capital assets is due to a significant investment in broadcast infrastructure funded by the CARES Act.

	Governmental Activities	
	2022	2021
Charges for services	\$ 249,908	\$ 152,361
Operating grants	3,873,874	4,194,743
Total program revenues	<u>4,123,782</u>	<u>4,347,104</u>
Indirect administrative services	367,481	331,568
In-kind revenues	25,690	51,928
Investment earnings	35,578	22,273
General revenue distribution	5,459,958	5,476,515
CARES Act funding from other agencies	3,206,046	5,025,066
Division of Elementary and Secondary Education	2,784,838	2,744,350
ARP Act Funding from Other Agencies	763,008	
Miscellaneous revenue	7,530	55,133
Other transfers	<u>(114,697)</u>	<u>(248,323)</u>
Total general revenue and transfers	<u>12,535,432</u>	<u>13,458,510</u>
Programming and production	3,432,809	3,752,873
Education	3,672,722	3,518,180
Broadcasting	4,794,383	5,185,801
Promotion	469,086	932,466
Management and general	<u>1,090,261</u>	<u>1,628,795</u>
Total expenses	<u>13,459,261</u>	<u>15,018,115</u>
Change in net position	3,199,953	2,787,499
Net position, beginning of year	<u>2,873,664</u>	<u>86,165</u>
Net position, end of year	<u><u>\$6,073,617</u></u>	<u><u>\$2,873,664</u></u>

The Commission's net position increased \$3,199,953 primarily due to decrease in expenditures as the CARES Act grant spending is complete.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF NET POSITION
 JUNE 30, 2022

Exhibit A

	Governmental Activities	
	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,666,441	\$ 4,769,101
Customer receivables	20,000	
Federal receivables	120,571	
Lease receivables	52,871	
Accrued interest receivable	1,721	
Due from other agencies	19,910	16,260
Prepaid expenses	593,553	1,251,023
Total current assets	5,475,067	6,036,384
Non-Current Assets:		
Lease receivables	53,725	
Capital assets:		
Capital assets not being depreciated/amortized:		
Land	75,648	75,648
Assets under construction	2,353,084	62,026
Total capital assets not being depreciated/amortized:	2,428,732	137,674
Capital assets being depreciated/amortized:		
Improvements	54,280	54,280
Infrastructure	6,066,577	6,015,107
Buildings	11,933,727	11,933,727
Equipment	15,541,592	15,332,372
Other depreciable/amortizable assets	707,890	708,554
Total capital assets being depreciated/amortized:	34,304,066	34,044,040
Subtotal	36,732,798	34,181,714

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF NET POSITION
 JUNE 30, 2022

Exhibit A

	Governmental Activities	
	2022	2021
ASSETS, continued		
Less accumulated depreciation/amortization:		
Improvements	\$ (30,474)	\$ (28,629)
Infrastructure	(3,486,552)	(3,199,396)
Buildings	(6,637,130)	(6,438,175)
Equipment	(12,779,789)	(12,364,568)
Other depreciable/amortizable assets	(669,595)	(669,445)
Total accumulated depreciation/amortization	(23,603,540)	(22,700,213)
 Lease assets:		
Land	415,796	
Buildings	33,400	
Infrastructure	1,277,276	
Total lease assets	1,726,472	
 Less accumulated amortization:		
Land	(44,633)	
Buildings	(2,637)	
Infrastructure	(286,341)	
Total accumulated amortization	(333,611)	
 Capital assets, net	14,522,119	11,481,501
 TOTAL ASSETS	20,050,911	17,517,885
 DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	2,281,651	2,974,510
Related to other post-employment benefits	862,759	1,303,169
Total deferred outflows of resources	3,144,410	4,277,679
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,195,321	\$ 21,795,564

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF NET POSITION
 JUNE 30, 2022

Exhibit A

	Governmental Activities	
	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable - vendors	\$ 797,387	\$ 282,162
Accrued payroll	371,687	327,630
Due to other governments	167	153
Due to other agencies	152,120	298,215
Unearned revenue	10,591	5,425
Accrued interest payable	1,799	
Lease liability	425,634	
Claims, judgments, and compensated absences	88,453	96,455
Other post-employment benefits obligation	166,958	210,446
Total current liabilities	2,014,796	1,220,486
Long-term liabilities:		
Lease liability	911,202	
Claims, judgments, and compensated absences	516,557	527,040
Post-employment benefits	3,633,486	7,638,029
Net pension liability	3,834,786	8,329,718
Total long-term liabilities	8,896,031	16,494,787
TOTAL LIABILITIES	10,910,827	17,715,273
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	3,774,555	527,434
Related to other post-employment benefits	2,328,862	679,193
Related to leases	107,460	
Total deferred inflows of resources	6,210,877	1,206,627
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	17,121,704	18,921,900
NET POSITION		
Net position:		
Net investment in capital assets	14,522,119	11,481,501
Restricted - Federal grants	489,323	426,544
Restricted - Corp. for Public Broadcasting community service grants	2,248,388	2,317,488
Unrestricted	(11,186,213)	(11,351,869)
Total Net Position	6,073,617	2,873,664
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 23,195,321	\$ 21,795,564

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit B

Functions/Programs	Program Revenues			Net Revenue (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2022	2021
Governmental activities:					
Education	\$ 13,459,261	\$ 249,908	\$ 3,873,874	\$ (9,335,479)	\$ (10,671,011)
Total governmental activities	\$ 13,459,261	\$ 249,908	\$ 3,873,874	(9,335,479)	(10,671,011)
Indirect administrative services				367,481	331,568
In-kind revenue				25,690	51,928
Investment earnings				35,578	22,273
Miscellaneous revenues				7,530	55,133
Transfers:					
General revenue distribution				5,459,958	5,476,515
CARES Act funding from other agencies				3,206,046	5,025,066
ARP Act funding from other agencies				763,008	
Division of Elementary and Secondary Education				2,784,838	2,744,350
Other transfers				(114,697)	(248,323)
Total revenue and transfers				12,535,432	13,458,510
Change in net position				3,199,953	2,787,499
Net position - beginning				2,873,664	86,165
Net position - ending				\$ 6,073,617	\$ 2,873,664

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2022

Exhibit C

	General Fund	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,666,441	\$ 4,769,101
Customer receivables	20,000	
Federal receivables	120,571	
Lease receivables	106,596	
Accrued interest receivable	1,721	
Due from other agencies	19,910	16,260
Prepaid expenses	593,553	1,251,023
TOTAL ASSETS	\$ 5,528,792	\$ 6,036,384
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable - vendors	\$ 797,387	\$ 282,162
Accrued payroll	371,687	327,630
Due to other governments	167	153
Due to other agencies	152,120	298,215
Unearned revenue	10,591	5,425
Total Liabilities	1,331,952	913,585
 Deferred inflows of resources:		
Related to revenues	99,951	
Related to leases	107,460	
Total deferred inflows of resources	207,411	
 Fund balances:		
Nonspendable - prepaid expenses	593,553	1,251,023
Restricted - Federal grants	137,261	99,426
Restricted - Corp. for Public Broadcasting community service grants	2,130,980	2,177,671
Unassigned	1,127,635	1,594,679
Total Fund Balances	3,989,429	5,122,799
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,528,792	\$ 6,036,384

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022

Exhibit D

Total fund balance:		
Governmental fund		\$ 3,989,429
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital outlays, including leases, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		14,522,119
Deferred outflows of resources are applicable to future reporting periods, and, therefore, are not reported in the funds:		
Related to pensions	2,281,651	
Related to other post-employment benefits	862,759	
Total deferred outflows of resources	3,144,410	3,144,410
Increase in accrued interest payable for long-term lease liabilities		(1,799)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Claims, judgments, and compensated absences	(605,010)	
Other post-employment benefits obligation	(3,800,444)	
Net pension liability	(3,834,786)	
GASB 87 lease liability	(1,336,836)	
Total long-term liabilities	(9,577,076)	(9,577,076)
Some deferred inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:		
Related to pensions	(3,774,555)	
Related to other post-employment benefits	(2,328,862)	
Total deferred inflows of resources	(6,103,417)	(6,103,417)
Deferred inflows of resources related to revenues are reported in the funds but not in the government-wide financial statements.		99,951
Net position of governmental activities		\$ 6,073,617

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit E

	General Fund	
	2022	2021
REVENUES		
Corporation for Public Broadcasting grants	\$ 2,224,935	\$ 2,837,914
Federal grants and reimbursements	20,620	
Other grants	8,934	16,108
Production income	243,772	101,891
Foundation:		
Programming income	1,340,383	1,313,860
Production grant revenue	179,052	26,861
Interest income	37,299	22,273
Rents, royalties, and leases	6,174	50,482
Other sales, refunds, and reimbursements	5,809	55,133
Indirect administrative services:		
Services and tower and property rent appraised value	361,131	331,568
In-kind contributions:		
Tower and property rent appraised value	6,350	6,350
	<u>4,434,459</u>	<u>4,762,440</u>
TOTAL REVENUES		
	4,434,459	4,762,440
Less: State Treasury service charge	<u>38</u>	<u>12</u>
	<u>4,434,421</u>	<u>4,762,428</u>
NET REVENUES		
EXPENDITURES		
Personal services - payroll	4,876,612	4,645,241
Employee benefits - matching	1,719,643	1,564,364
Communication and transportation of commodities	160,360	148,496
Printing and advertising	156,765	62,737
Repairing and servicing	608,445	417,074
Utilities and rent	1,143,320	1,062,890
Travel and subsistence	35,240	28,662
Professional services	375,972	560,504
Insurance and bonds	152,726	140,514
Other expenses and services	1,202,201	621,095
Commodities, materials, and supplies	3,646,717	2,904,591
Assistance, grants, and aids	1,832	5,661
Refunds, taxes, and claims	31,409	59,367
Low value asset purchases	315,312	451,404
Debt service	21,253	
Capital outlay	4,948,605	2,980,112
	<u>19,396,412</u>	<u>15,652,712</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF		
REVENUES OVER EXPENDITURES	<u>(14,961,991)</u>	<u>(10,890,284)</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit E

	General Fund	
	2022	2021
OTHER FINANCING SOURCES (USES)		
Capitalized leases	\$ 1,729,468	
Interagency transfers:		
General revenue distribution	5,459,958	\$ 5,476,515
CARES Act funding from other agencies	3,206,046	5,025,066
ARP Act funding from other agencies	763,008	
Div. of Elementary and Secondary Education grants	2,784,838	2,744,350
Marketing and redistribution sale proceeds	792	1,859
Other transfers	(92,588)	(262,243)
Prior-year warrants outlawed and cancelled	30	113
Prior-year refund to expenditures	1,511	228
Other prior-year adjustments	(24,442)	74,078
TOTAL OTHER FINANCING SOURCES (USES)	13,828,621	13,059,966
NET CHANGE IN FUND BALANCES	(1,133,370)	2,169,682
FUND BALANCES - JULY 1	5,122,799	2,953,117
FUND BALANCES - JUNE 30	\$ 3,989,429	\$ 5,122,799

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION - Exhibit F
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balance-governmental fund \$ (1,133,370)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 4,948,605	
Depreciation expense	<u>(1,338,737)</u>	
Excess of capital outlay over depreciation expense		3,609,868

The net effect of donations involving capital assets not reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances is to increase net position		11,840
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The net effect of various miscellaneous transactions involving capital assets is to decrease net position		(581,090)
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Governmental funds report agency pension contributions as expenditures. Some items reported in the Statement of Activities represent a change in net position that applies to future periods and includes the difference between expected and actual experience, changes in assumptions, expected earnings on plan investment, and employer contributions that are not recognized as an outflow or inflow until a future period and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in deferred inflows related to pensions and other post-employment benefits	(4,896,790)	
Decrease in deferred outflows related to pensions and other post-employment benefits	<u>(1,133,269)</u>	
		(6,030,059)

Increase in deferred inflows related to revenues reported in the funds but not in the government-wide financial statements		99,951
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Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in claims, judgments, and compensated absences	18,485	
Decrease in other post-employment benefits obligations	4,048,031	
Decrease in net pension liability	4,494,932	
Increase in GASB 87 lease liability	(1,336,836)	
Increase in accrued interest payable for long-term lease liabilities	<u>(1,799)</u>	
		<u>7,222,813</u>

Change in net position of governmental activities		<u>\$ 3,199,953</u>
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The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit G

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
REVENUES				
Grants and reimbursements			\$ 2,233,869	\$ 2,233,869
Federal grants and reimbursements			20,620	20,620
Production income			243,772	243,772
Foundation:				
Programming income			1,340,383	1,340,383
Production grant revenue			179,052	179,052
Interest income			37,299	37,299
Rents, royalties, and leases			6,174	6,174
Other sales, refunds, and reimbursements			5,809	5,809
Indirect administrative services:				
Services and tower and property rent appraised value			361,131	361,131
In-kind contributions:				
Tower and property rent appraised value			6,350	6,350
Cash funds	\$ 6,700,000	\$ 6,700,000	(38)	(6,700,038)
TOTAL REVENUES	6,700,000	6,700,000	4,434,421	(2,265,579)
EXPENDITURES				
Regular salaries	5,225,404	5,166,998	4,630,143	536,855
Extra help	375,730	442,818	246,469	196,349
Personal services matching	1,749,967	1,814,257	1,719,643	94,614
Operating expenses	6,162,952	10,502,976	7,320,982	3,181,994
Conference fees and travel	56,450	56,450	4,980	51,470
Professional fees and services	350,093	724,160	507,399	216,761
Resale (cost of goods sold)	5,000	5,000		5,000
Promotional items	60,000	60,000	17,564	42,436
Grants and aid	40,000	40,000	627	39,373
Capital outlay	500,000	1,179,300	4,948,605	(3,769,305)
Maintenance of infrastructure and network	12,700,000	16,932,293		16,932,293
TOTAL EXPENDITURES	27,225,596	36,924,252	19,396,412	17,527,840
EXCESS (DEFICIENCY) OF OF REVENUES OVER EXPENDITURES	(20,525,596)	(30,224,252)	(14,961,991)	15,262,261

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit G

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Capitalized leases			\$ 1,729,468	\$ 1,729,468
Interagency transfers:				
General revenue distribution	\$ 5,382,727	\$ 5,382,727	5,459,958	77,231
CARES Act funding from other agencies			3,206,046	3,206,046
ARP Act funding from other agencies			763,008	763,008
Div. of Elementary and Secondary Education grants			2,784,838	2,784,838
Marketing and redistribution sale proceeds			792	792
Other transfers			(92,588)	(92,588)
Prior-year warrants outlawed and cancelled			30	30
Prior-year refund to expenditures			1,511	1,511
Other prior-year adjustments			(24,442)	(24,442)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,382,727</u>	<u>5,382,727</u>	<u>13,828,621</u>	<u>8,445,894</u>
NET CHANGE IN FUND BALANCES	(15,142,869)	(24,841,525)	(1,133,370)	23,708,155
FUND BALANCES - JULY 1	<u>5,122,799</u>	<u>5,122,799</u>	<u>5,122,799</u>	
FUND BALANCES - JUNE 30	<u>\$ (10,020,070)</u>	<u>\$ (19,718,726)</u>	<u>\$ 3,989,429</u>	<u>\$ 23,708,155</u>

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

The Arkansas Educational Television Commission, a commission of Arkansas state government, was created by Act 198 of 1961 for the purpose of making educational television available to Arkansas citizens and promoting its fullest use. The Commission is specifically charged with controlling and supervising the use of channels reserved by the Federal Communications Commission for Arkansas for non-commercial educational use. Act 38 of 1971 transferred the Commission into the Department of Education.

The Commission consists of eight members appointed by the Governor, with at least one member from each of the State's congressional districts. At least one member is to be actively engaged in the field of education in the Arkansas public school system, and one member is to be actively engaged in education in an Arkansas institution of higher learning. Each member is entitled to receive a stipend not to exceed \$60 for each meeting attended, plus reimbursement for expenses at the rate established for state employees by state travel regulations, in accordance with Ark. Code Ann. §§ 25-16-901 – 25-16-903.

The implementation of Act 910 of 2019 resulted in the re-naming of the Arkansas Department of Education – Arkansas Educational Television Commission to the Division of Elementary and Secondary Education – Arkansas Educational Television Commission. Effective February 28, 2020, the Arkansas Educational Television Network changed its name to Arkansas PBS. The new name was adopted across all of the network's channels.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting in the United States of America.

The basic financial statements have been prepared from accounts maintained by the Department of Finance and Administration and the Commission.

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all governmental activities of the Commission. Governmental activities generally are financed through taxes, inter-governmental revenues, and other non-exchange revenues.

The statement of net position presents the Commission's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of related debt.
- Restricted net position results when constraints placed on asset use are either externally imposed by grantors, contributors, or the like or imposed by law through constitutional provision or enabling legislation.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for Commission purposes.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

In the government-wide statement of activities, revenues and expenses are segregated by function. Direct expenses are those that are clearly identifiable with a specific function. Revenues are classified as program revenues. Program revenues include (1) charges to customers for goods, services, or privileges provided and (2) operating grants and contributions. Certain indirect costs are included in the program expenses reported for individual function and activities.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds, if applicable to this Commission, are recognized in the accompanying financial statements.

Fund Financial Statements

Separate financial statements are provided for the governmental fund (i.e., the general fund). The following describes the major funds and categories used in the accompanying financial statements.

Governmental Funds

General Fund – General Fund is the major governmental fund of the Commission. As the general operating fund of the Commission, it is used to account for all financial resources obtained and spent for those services normally provided by the Commission.

The focus of the Governmental Fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income.

Fiduciary Funds

Trust and Custodial Funds – The Commission does not have fiduciary activities; therefore, no fiduciary activities are included in the government-wide financial statements.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements.

The accrual basis of accounting, with a “flow of economic resources” measurement focus, is utilized in the government-wide financial statements. Under this accounting basis, revenues are recognized when earned, and expenses are recognized when incurred, regardless of the timing of the related cash flows. Significant revenues susceptible to accrual include federal reimbursements, federal grants, and other reimbursements for use of materials and services.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities (i.e., 45 days). Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred. Revenues from federal grants and federal reimbursements are recognized when all applicable eligibility requirements and the availability criteria of 45 days have been met.

D. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, cash in State Treasury, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less. All short-term investments are stated at fair value.

E. Capital Assets

Capital assets, which include equipment, buildings and building improvements, infrastructure, land and land improvements, intangible assets, and other capital assets, are reported in the governmental activity columns of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

Capital assets purchased and in the custody of this Commission were recorded as expenditures at the time of purchase. Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs, and installation costs). Infrastructure or public domain fixed assets (such as roads, bridges, tunnels, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are also capitalized. Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Commission would have purchased the item. In accordance with current accounting principles generally accepted in the United States of America, general capital assets and depreciation are reported in the State's "Government-Wide" financial statements but are not reported in the governmental fund financial statements. Depreciation is reported for proprietary fund capital assets based on a straight-line method, with no salvage value. Estimated useful lives generally assigned are as follows:

Assets:	Years
Equipment	5-20
Buildings and building improvements	20-50
Infrastructure	10-40
Land improvements	10-100
Intangibles	4-95
Other capital assets	10-15

Capital assets activity for the year ended June 30, 2022, was as follows:

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 75,648			\$ 75,648
Assets under construction	62,026	\$ 2,353,084	\$ (62,026)	2,353,084
Total capital assets, not being depreciated/amortized	137,674	2,353,084	(62,026)	2,428,732
Capital assets, being depreciated/amortized:				
Improvements	54,280			54,280
Infrastructure	6,015,107	51,470		6,066,577
Buildings	11,933,727			11,933,727
Equipment	15,332,372	290,467	(81,247)	15,541,592
Other depreciable/amortizable assets	708,554	16,893	(17,557)	707,890
Lease assets		1,726,472		1,726,472
Total capital assets, being depreciated/amortized	34,044,040	2,085,302	(98,804)	36,030,538
Subtotal	34,181,714	4,438,386	(160,830)	38,459,270
Less accumulated depreciation/amortization for:				
Improvements	(28,629)	(1,845)		(30,474)
Infrastructure	(3,199,396)	(287,156)		(3,486,552)
Buildings	(6,438,175)	(198,955)		(6,637,130)
Equipment	(12,364,568)	(496,468)	81,247	(12,779,789)
Other depreciable/amortizable assets	(669,445)	(17,707)	17,557	(669,595)
Lease assets		(333,611)		(333,611)
Total accumulated depreciation/amortization	(22,700,213)	(1,335,742)	98,804	(23,937,151)
Governmental activities capital assets, net	<u>\$11,481,501</u>	<u>\$ 3,102,644</u>	<u>\$ (62,026)</u>	<u>\$14,522,119</u>

F. Deposits and Investments

State Board of Finance Policies

Ark. Code Ann. § 19-4-805 requires that agencies holding monies not deposited in the State Treasury, other than the institutions of higher learning, abide by the recommendations of the State Board of Finance. The State Board of Finance promulgated cash management, collateralization, and investments policies and procedures, effective July 14, 2012, as referenced in the Financial Management Guide issued by the Department of Finance and Administration for use by all state agencies.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

State Board of Finance Policies (Continued)

The stated goal of state cash management is the protection of principal, while maximizing investment income and minimizing non-interest earning balances. Deposits are to be made within the borders of the State of Arkansas and must qualify for Federal Deposit Insurance Corporation (FDIC) deposit insurance coverage. Policy requires a minimum of four bids to be sought on interest-bearing deposits in order to obtain the highest rate possible.

Policy states that funds are to be in transactional and non-transactional accounts as defined in the Financial Management Guide. Funds in excess of immediate expenditure requirements (excluding minimum balances) should not remain in non-interest bearing accounts.

State Board of Finance policy states that cash funds may only be invested in accounts and investments authorized under Ark. Code Ann. §§ 19-3-510, -518. All noncash investments must be held in safekeeping by a bank or financial institution. In addition, all cash funds on deposit with a bank or financial institution that exceed FDIC deposit insurance coverage must be collateralized.

Collateral pledged must be held by an unaffiliated third-party custodian in an amount at least equal to 105% of the cash funds on deposit.

Deposits

Deposits are carried at cost and consist of cash in State Treasury totaling \$4.7 million. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

G. Interfund Balances and Transfers

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Details of interfund transfers are disclosed in the financial statements.

H. Prepaid Expenses

Prepaid expenses generally represent the cost of consumable supplies on hand or unexpired services at year-end. The cost of these items is included with expenditures at the time of purchase. Prepaid expenses, as reported in the general fund financial statements, are also recorded as a nonspendable component of fund balance indicating that they do not constitute “available, spendable financial resources.”

I. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (an expense or expenditure) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Pension Plan

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which became effective with the fiscal year ending June 30, 2015. The Statement establishes standards for public pension plan obligations for participating employers. Under the statement, a cost-sharing employer whose employees receive pensions through a trust will report in the government-wide statements a net pension liability, deferred outflows or inflows of resources related to pensions, and a pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return.

The Commission's net pension liability at June 30, 2022 and 2021, amounted to \$3.8 million and \$8.3 million, respectively. Net pension liability is based on the Commission's contributions as a pro rata share of the total contributions of all participating employers in the plan. The net change to the net pension liability during the year ended June 30, 2022, amounted to \$4.5 million. The State of Arkansas 2022 Annual Comprehensive Financial Report (ACFR) will contain the complete pension footnote required by GASB Statement No. 68.

Arkansas Public Employees Retirement System

Plan Description – The Commission contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the APERS Board of Trustees. APERS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests with the General Assembly the legislative power to enact and amend benefit provisions of APERS as published in Chapters 2, 3, and 4 of Title 24 of the Arkansas Code Annotated. APERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Little Rock, Arkansas 72201 or by calling 1-501-682-7855.

Funding Policy – Contributory plan members are required to contribute 5% of their annual covered salary. The Commission is required to contribute for all covered state employees at the rate of 15.32% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the Arkansas General Assembly. The contribution requirements of the Commission are established and may be amended by the APERS Board of Trustees. The Commission's contributions to APERS for the years ended June 30, 2022, 2021, and 2020, were \$23,392, \$22,894, and \$39,274, respectively, equal to the required contributions for each year.

Arkansas Teacher Retirement System

Plan Description – The Commission contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the ATRS Board of Trustees. ATRS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power, which includes the enactment and amendment of ATRS benefit provisions as published in Chapter 7 of Title 24 of the Arkansas Code Annotated. ATRS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy – Contributory plan members are required to contribute 6.75% of their annual covered salary. The Commission is required to contribute for all covered state employees at the rate of 14.75% of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by the Arkansas General Assembly. The Commission's contributions to ATRS were \$691,310, \$644,287, and \$618,243 for the years ended June 30, 2022, 2021, and 2020, respectively, which is equal to the required contributions for each year.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Fund Equity

Net Position and Fund Balance

The difference between total assets, total deferred outflows of resources, total liabilities, and total deferred inflows of resources is presented as “Net Position” on the government-wide financial statements and as “Fund Balance” on the governmental fund financial statements.

Net Position

In the government-wide financial statements, net position represents assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets, net of accumulated depreciation, reduced by any outstanding balances of related debt.
- Restricted net position, which results when constraints placed on asset use are either externally imposed by creditors, grants, contributors, or the like imposed by law through constitutional provision or enabling legislation. The amount of restricted assets is reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for government purposes.

Fund Balance

In the fund financial statements, fund balance is reported in one of five classifications, where applicable, based on the constraints imposed on the use of the resources.

The nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid items, inventories, long-term amount of loans and notes receivables, etc.) or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balance, where applicable, comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes according to constraints imposed by legislation of the General Assembly, the government’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the General Assembly removes or changes the constraint by the same action that imposed the constraint.

Assigned fund balance. This classification reflects amounts constrained by the State’s “intent” to be used for specific purposes but are neither restricted nor committed. The General Assembly has the authority to assign amounts to be used for specific purposes by legislation or approved methods of financing.

Unassigned fund balance. This amount is the residual classification for the general fund.

When more than one spendable classification is available for use, it is the State’s policy to use the resources in this order: restricted, committed, assigned, and unassigned.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: Summary of Significant Accounting Policies (Continued)

L. Budgetary Data

The State utilizes an annual budgeting process with budget amounts initially derived from the previous fiscal year's funded allocation. In accordance with the appropriations and funding provided by the Legislature, individual state agencies have been charged with the responsibility of administering and managing their programs as authorized by the Legislature. Agencies are also charged with the responsibility of preparing an annual operations plan as a part of the budgetary process for the operation of each of their assigned programs. State law provides for the establishment of a comprehensive financial management system that includes adequate controls over receipts, expenditures, and balances of Agency funds. It is mandated that this system include a modified accrual system, conform with generally accepted governmental accounting principles, and provide a reporting system whereby actual expenditures are compared to expenditures projected in the Commission's annual operation plan.

M. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of \$7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences are reported in the State's "Government-Wide" financial statements but are not reported as liabilities or expenditures in the governmental funds. However, the compensated absences payable attributable to the Commission's employee annual and sick leave as of June 30, 2022 and 2021, amounted to \$605,010 and \$623,495, respectively. The net changes to compensated absences payable during the year ended June 30, 2022, amounted to \$18,485.

N. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Transformation and Shared Services – Employee Benefits Division (DTSS-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DTSS-EBD related to medical and prescription drug plans are established by the State and Public School Life and Health Insurance Board (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DTSS-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DTSS-EBD is included in the State of Arkansas's Annual Comprehensive Financial Report (ACFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Transformation and Shared Services, 501 Woodlane, Suite 201, Little Rock, Arkansas 72201 or by calling 501-319-6565.

The Commission contributes to the Plan, a single-employer defined benefit OPEB plan administered by DTSS-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retirees and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State's annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed \$550 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
ARKANSAS EDUCATIONAL TELEVISION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2: The Arkansas Educational Telecommunications Network Foundation, d/b/a Arkansas PBS Foundation

The Arkansas Educational Telecommunications Network Foundation (AETNF) is a nonprofit Arkansas corporation formed in 1984 to obtain, hold, invest, reinvest, and administer funds and other property for the benefit of the Arkansas Educational Television Commission (AETC) of the State of Arkansas. In 2020, AETNF applied to the Arkansas Secretary of State for the fictitious name Arkansas PBS Foundation. AETNF is not considered a component unit of AETC, and accordingly, AETNF financial data are not included in the government-wide or the governmental fund financial statements presented in this report. AETNF financial statements that were audited by an independent certified public accounting firm for the year ended June 30, 2022, are presented below in summary form.

ARKANSAS EDUCATIONAL TELEVISION NETWORK FOUNDATION	
STATEMENT OF NET POSITION	
JUNE 30, 2022	
ASSETS	
Cash	\$ 2,385,065
Investments	7,598,541
Accounts receivable	226,730
Prepaid expenses	3,888
Equipment (net)	8,949
TOTAL ASSETS	<u>10,223,173</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 27,268
Accrued expenses	116,288
Deferred revenues - unexpended grant funds and deferred revenues for programs not broadcast	<u>50,916</u>
TOTAL LIABILITIES	<u>194,472</u>
Net Assets	
Without donor restrictions	2,086,151
With donor restrictions	<u>7,942,550</u>
TOTAL NET ASSETS	<u>10,028,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,223,173</u>

ARKANSAS EDUCATIONAL TELEVISION NETWORK FOUNDATION	
STATEMENT OF ACTIVITIES	
FOR THE YEAR ENDED JUNE 30, 2022	
REVENUES	
Contributions	\$ 3,084,155
Underwriting	782,584
Realized gain on investments	407,794
Unrealized loss on investments	(1,440,507)
Other revenue and gains	622,448
TOTAL REVENUES	<u>3,456,474</u>
EXPENSES AND LOSSES	
Programming	1,526,070
Development and fundraising	1,227,629
Other expenses and losses	696,002
TOTAL EXPENSES AND LOSSES	<u>3,449,701</u>
CHANGE IN NET ASSETS	6,773
NET ASSETS, BEGINNING OF YEAR	<u>10,021,928</u>
NET ASSETS, END OF YEAR	<u>\$ 10,028,701</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 3: New Accounting Pronouncement

The Agency implemented GASB Statement No. 87, *Leases*, in the fiscal year ended June 30, 2022. Statement 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The Statement establishes a single model for lease accounting based on the principle that leases are financing arrangements of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources.

Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

Lease Obligations

The Agency leases a significant amount of nonfinancial assets such as land and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term (less any lease incentives). As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position. For more information on the Agency's right-to-use assets (lease assets) and associated amortization, refer to Note 1.E.

The Agency had no significant lease expenses related to variable payments as of June 30, 2022. The Agency did not incur any expenses related to its leasing activities related to residual value guarantees, lease termination penalties, or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions. The Agency does not have commitments for leases that have not commenced as of the end of fiscal year 2022.

As of June 30, 2022, the Agency had governmental activity lease obligations as follows:

<u>Years ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 425,634	\$ 18,464	\$ 444,098
2024	395,931	11,506	407,437
2025	188,239	6,956	195,195
2026	136,000	4,044	140,044
2027	63,532	2,613	66,145
2028-2032	127,500	4,500	132,000
Totals	<u>\$ 1,336,836</u>	<u>\$ 48,083</u>	<u>\$ 1,384,919</u>

Lease Receivables

As the lessor, the Agency leases out part of its office space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term.

The Agency had no significant variable payments, residual value guarantees, or lease termination penalties related to its lease agreement as of June 30, 2022.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION
 SCHEDULE OF SELECTED INFORMATION
 JUNE 30, 2022
 (UNAUDITED)

Schedule 1

	For the Year Ended June 30,				
	2022	2021	2020	2019	2018
GENERAL FUND					
Total Assets	\$ 5,528,792	\$ 6,036,384	\$ 3,554,835	\$ 2,949,498	\$ 3,360,036
Total Liabilities	1,331,952	913,585	601,718	766,797	567,533
Total Deferred Inflows of Resources	207,411				7,500
Total Fund Equity	3,989,429	5,122,799	2,953,117	2,182,701	2,785,003
Net Revenues	4,434,421	4,762,428	4,089,754	3,808,620	3,481,778
Total Expenditures	19,396,412	15,652,712	11,713,091	12,105,929	11,787,349
Total Other Financing Sources (Uses)	13,828,621	13,059,966	8,393,753	7,695,007	8,168,922

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND
 ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION
 SCHEDULE OF COMBINED STATEMENT OF NET POSITION
 JUNE 30, 2022
 (UNAUDITED)

Schedule 2

	Commission Gov't Activities 2022	AETN Foundation 2022	Combined Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,666,441	\$ 1,126,917	\$ 5,793,358
Customer receivables	20,000	226,589	246,589
Federal receivables	120,571		120,571
Lease receivables	52,871		52,871
Accrued interest receivables	1,721		1,721
Due from other agencies	19,910		19,910
Other receivables		141	141
Prepaid expenses	593,553	3,888	597,441
Total current assets	<u>5,475,067</u>	<u>1,357,535</u>	<u>6,832,602</u>
Non-Current Assets:			
Lease receivables	<u>53,725</u>		<u>53,725</u>
Restricted Assets:			
Cash		1,258,148	1,258,148
Investments		6,457,813	6,457,813
Total restricted assets		<u>7,715,961</u>	<u>7,715,961</u>
Other Assets:			
Investments		<u>1,140,728</u>	<u>1,140,728</u>
Total other assets		<u>1,140,728</u>	<u>1,140,728</u>
Capital assets:			
Land	75,648		75,648
Assets under construction	2,353,084		2,353,084
Improvements	54,280		54,280
Buildings	11,933,727		11,933,727
Equipment	15,541,592	343,257	15,884,849
Other assets	707,890		707,890
Infrastructure	6,066,577		6,066,577
Less accumulated depreciation	(23,603,540)	(334,308)	(23,937,848)
LEASE: Land	415,796		415,796
LEASE: Buildings	33,400		33,400
LEASE: Infrastructure	1,277,276		1,277,276
LEASE: Accumulated amortization	(333,611)		(333,611)
Capital assets, net	<u>14,522,119</u>	<u>8,949</u>	<u>14,531,068</u>
TOTAL ASSETS	<u>20,050,911</u>	<u>10,223,173</u>	<u>30,274,084</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	2,281,651		2,281,651
Related to other post-employment benefits	862,759		862,759
Total deferred outflows of resources	<u>3,144,410</u>		<u>3,144,410</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23,195,321</u>	<u>\$ 10,223,173</u>	<u>\$ 33,418,494</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND
 ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION
 SCHEDULE OF COMBINED STATEMENT OF NET POSITION
 JUNE 30, 2022
 (UNAUDITED)

Schedule 2

	<u>Commission Gov'l Activities 2022</u>	<u>AETN Foundation 2022</u>	<u>Combined Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable - vendors	\$ 797,387	\$ 27,268	\$ 824,655
Accrued expenses	371,687	116,288	487,975
Due to other governments	167		167
Due to other agencies	152,120		152,120
Unearned revenue	10,591		10,591
Accrued interest payable	1,799		1,799
Lease liability	425,634		425,634
Claims, judgments, and compensated absences	88,453		88,453
Deferred revenues		50,916	50,916
Current other post-employment benefits	166,958		166,958
Total current liabilities	<u>2,014,796</u>	<u>194,472</u>	<u>2,209,268</u>
Long-term liabilities:			
Lease liability	911,202		911,202
Claims, judgments, and compensated absences	516,557		516,557
Post-employment benefits	3,633,486		3,633,486
Net pension liability	3,834,786		3,834,786
Total long-term liabilities	<u>8,896,031</u>		<u>8,896,031</u>
TOTAL LIABILITIES	<u>10,910,827</u>	<u>194,472</u>	<u>11,105,299</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	3,774,555		3,774,555
Related to other post-employment benefits	2,328,862		2,328,862
Related to leases	107,460		107,460
Total deferred inflows of resources	<u>6,210,877</u>		<u>6,210,877</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>17,121,704</u>	<u>194,472</u>	<u>17,316,176</u>
NET POSITION			
Net position:			
Net investment in capital assets	14,522,119		14,522,119
Restricted - Grants	2,737,711		2,737,711
Restricted - Investments with donor restrictions		7,942,550	7,942,550
Unrestricted	(11,186,213)	2,086,151	(9,100,062)
Total Net Position	<u>6,073,617</u>	<u>10,028,701</u>	<u>16,102,318</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 23,195,321</u>	<u>\$ 10,223,173</u>	<u>\$ 33,418,494</u>

Note: Schedules 2 and 3 are provided to meet the requests for information by the Corporation for Public Broadcasting.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND
 ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION
 SCHEDULE OF COMBINED STATEMENT OF ACTIVITIES
 JUNE 30, 2022
 (UNAUDITED)

Schedule 3

Functions/Programs	Program Revenues			Net Revenue (Expense) Governmental	Net Revenue (Expense) AETN Foundation	Eliminations	Combined Total
	Expenses	Charges for Services	Operating Grants and Contributions				
Governmental activities:							
Education	\$ 13,459,261	\$ 249,908	\$ 3,873,874	\$ (9,335,479)			\$ (9,335,479)
(Revenue elimination)						\$ (1,519,435)	(1,519,435)
Total governmental activities	<u>\$ 13,459,261</u>	<u>\$ 249,908</u>	<u>\$ 3,873,874</u>	<u>(9,335,479)</u>		<u>(1,519,435)</u>	<u>(10,854,914)</u>
AETN Foundation:							
Development	3,449,701	1,107	4,302,211		\$ (853,617)		(853,617)
(Expense elimination)						1,519,435	1,519,435
Total AETN Foundation	<u>\$ 3,449,701</u>	<u>\$ 1,107</u>	<u>\$ 4,302,211</u>		<u>(853,617)</u>	<u>1,519,435</u>	<u>665,818</u>
Indirect administrative services				367,481			367,481
In-kind revenue				25,690	54,987		80,677
Investment earnings				35,578	(901,831)		(866,253)
Miscellaneous revenues				7,530			7,530
Transfers:							
General revenue distribution				5,459,958			5,459,958
CARES Act funding from other agencies				3,206,046			3,206,046
ARP Act funding from other agencies				763,008			763,008
Division of Elementary and Secondary Education				2,784,838			2,784,838
Other transfers				(114,697)			(114,697)
Total revenue and transfers				<u>12,535,432</u>	<u>(846,844)</u>		<u>11,688,588</u>
Change in net position				3,199,953	6,773		3,206,726
Net position - beginning				<u>2,873,664</u>	<u>10,021,928</u>		<u>12,895,592</u>
Net position - ending				<u>\$ 6,073,617</u>	<u>\$ 10,028,701</u>		<u>\$ 16,102,318</u>

Note: Schedules 2 and 3 are provided to meet the requests for information by the Corporation for Public Broadcasting.