



Listen. Connect. Discover.

**A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education**

Financial Statements

June 30, 2018

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education

Table of Contents

June 30, 2018

Page

Independent Auditors' Report	1
-------------------------------------	---

Management's Discussion and Analysis	3
---	---

Financial Statements

Statement of Net Position	9
---------------------------	---

Statement of Revenue, Expense and Changes in Net Position	10
---	----

Statement of Cash Flows	11
-------------------------	----

Notes to Financial Statements	13
-------------------------------	----

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability	27
--	----

Schedule of Entity Contributions for the Net Pension Liability	28
--	----

Schedule of Proportionate Share of the Net OPEB Liability	29
---	----

Schedule of Entity Contributions for the Net OPEB Liability	30
---	----

Notes to the Required Schedules for the Net OPEB Liability	31
--	----

Independent Auditors' Report

To the Board of Regents of Nevada System of Higher Education, as Licensee
for KUNR 88.7-FM Radio
University of Nevada, Reno
Reno, Nevada

We have audited the accompanying financial statements of the business-type activities of KUNR 88.7-FM Radio (KUNR), a public broadcasting entity licensed to the Nevada System of Higher Education, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise KUNR's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

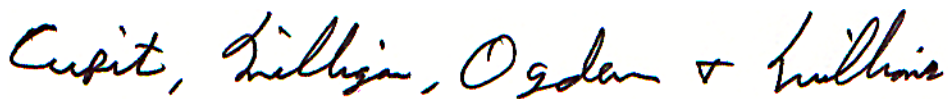
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KUNR 88.7-FM Radio, a public broadcasting entity licensed to the Nevada System of Higher Education, as of June 30, 2018 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the Schedule of Proportionate Share of the Net Pension Liability on page 27, the Schedule of Entity Contributions for the Net Pension Liability on page 28, the Schedule of Proportionate Share of the Net OPEB Liability on page 29, the Schedule of Entity Contributions for the Net OPEB Liability on page 30, and the Notes to the Required Schedules for the Net OPEB Liability on page 31 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.



Reno, Nevada
January 24, 2019

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

The following discussion and analysis of the financial statements of KUNR 88.7-FM Radio (KUNR) provides an overview of KUNR activities for the fiscal year ended June 30, 2018, with selected comparative information for the year ended June 30, 2017. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with the financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting changes, and known facts. The financial statements, footnotes, and this discussion are the responsibility of management.

Reporting Entity

KUNR was established in 1963 as a non-commercial, listener-supported public radio station providing northern Nevada and northeastern California with a diverse mix of music, news, public affairs and cultural programming. KUNR, licensed to the Board of Regents of the Nevada System of Higher Education (NSHE), is under the umbrella of the University of Nevada, Reno (UNR), located on the UNR campus, and supported by UNR staff.

Overview of the Financial Statements

The financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including, in particular, GASB Statement No. 35 "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*".

As required by accounting principles, the annual report consists of three basic financial statements that provide information on KUNR as a whole: the Statement of Net Position, the Statement of Revenue, Expense, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are prepared on the accrual basis of accounting.

For 2018, information included in this management's discussion and analysis may not be comparable due to the implementation of the Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. With the implementation of GASB 75, not all information necessary to restate the 2017 financial statements in accordance with US Generally Accepted Accounting Principles was available. As such, only a single year is presented in the audited financial statements.

Statements of Net Position

The Statement of Net Position is a "point in time" financial statement presenting the financial position of KUNR. Net position is one way to measure the financial health of KUNR.

The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and components of net position. In general, current assets are those that are available to satisfy current liabilities. Current liabilities are usually those that will be paid or relieved within one year of the date of the Statement of Net Position.

From the data presented, readers of the Statement of Net Position will be able to determine the assets available to continue the operations of KUNR and determine how much KUNR owes its vendors, employees, and underwriters. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by KUNR.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

The following table presents condensed financial information from KUNR's Statements of Net Position as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Assets and Deferred Outflows of Resources			
Current assets	\$ 1,223,415	\$ 1,129,252	\$ 94,163
Capital assets, net	158,788	159,330	(542)
Other assets	<u>206,878</u>	<u>214,012</u>	<u>(7,134)</u>
Total Assets	<u>1,589,081</u>	<u>1,502,594</u>	<u>86,487</u>
Deferred Outflows of Resources	<u>137,828</u>	<u>126,674</u>	<u>11,154</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 1,726,909</u></u>	<u><u>\$ 1,629,268</u></u>	<u><u>\$ 97,641</u></u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities	\$ 318,947	\$ 308,199	\$ 10,748
Non-current liabilities	<u>893,640</u>	<u>457,876</u>	<u>435,764</u>
Total Liabilities	<u>1,212,587</u>	<u>766,075</u>	<u>446,512</u>
Deferred Inflows of Resources	<u>67,559</u>	<u>43,904</u>	<u>23,655</u>
Net Position			
Invested in capital assets, net of related debt	158,788	159,330	(542)
Restricted - expendable	206,878	212,087	(5,209)
Unrestricted	<u>81,097</u>	<u>447,872</u>	<u>(366,775)</u>
Total Net Position	<u>446,763</u>	<u>819,289</u>	<u>(372,526)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 1,726,909</u></u>	<u><u>\$ 1,629,268</u></u>	<u><u>\$ 97,641</u></u>

Current assets consist primarily of unrestricted cash and cash equivalents and underwriting receivables. The increase in current assets is largely due to the increase in unrestricted cash and cash equivalents from the current year operation. As of June 30, 2018 and 2017, unrestricted cash and cash equivalents totaled \$958,249 and \$863,582, respectively.

Other assets consist primarily of restricted cash and cash equivalents.

Deferred outflows of resources reflect the balance of resources used that pertain to future periods and will not be recognized as expenses until that time. KUNR's deferred outflows of resources are related to pensions and other postemployment benefits (OPEB).

Current liabilities consist primarily of unearned underwriting revenue. Unearned underwriting revenue is the portion of the underwriting contracts entered into in the current year for programming in the next fiscal year.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

KUNR implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during fiscal year 2018. As a result, KUNR recorded a non-current liability of \$418,451 for net OPEB liability and deferred inflow of resources that was OPEB related in the amount of \$26,045 as of June 30, 2018. Due to GASB 75, KUNR also recorded deferred outflow of resources that was OPEB related in the amount of \$13,075 as of June 30, 2018. There was insufficient information to restate all the OPEB related amounts for the fiscal year 2017. The implementation of GASB 75 had a net effect of lowering the beginning net position for fiscal year 2018 by \$419,637. With an adjusted beginning net position of \$399,652, KUNR's net position increased by \$47,111 in fiscal year 2018.

Non-current liabilities consist of net pension liability and the newly implemented OPEB liability mentioned above. Net pension liability increased by \$17,313 from fiscal year 2017 to 2018.

Net position is divided into three major categories:

- *Invested in capital assets, net of related debt* represents KUNR's total investment in capital assets, net of outstanding debt obligations.
- *Restricted - expendable* represents the portion of net position that is available for expenditure by KUNR but must be spent for restricted purposes or in a time frame specified by donors and/or external entities.
- *Unrestricted* represents the portion of net position that is available for expenditure by KUNR for any lawful purpose.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

Statements of Revenue, Expense and Changes in Net Position

Statement of Revenue, Expense and Changes in Net Position presents the operating results of KUNR, as well as the non-operating revenue and expense.

Operating revenue includes underwriting, grants, contributions and special event revenues generated to support KUNR's operational purpose of providing commercial-free public radio. Operating expense is expense incurred to acquire or produce the goods and services needed to carry out the mission of KUNR.

The following table presents condensed financial information from KUNR's Statements of Revenue, Expense and Changes in Net Position for the years ended June 30, 2018 and 2017:

	2018	2017 (Updated)	Increase (Decrease)
Operating Revenue			
Membership	\$ 821,900	\$ 649,497	\$ 172,403
Contributions and underwriting	638,030	647,013	(8,983)
CPB Community Service Grants	192,140	185,903	6,237
General appropriation from UNR	165,623	156,068	9,555
UNR facilities and administrative support	191,846	158,402	33,444
In-kind donations	19,232	25,032	(5,800)
Fundraising revenue, net of direct expense	8,349	6,352	1,997
ISDN studio service fees	-	150	(150)
Total Operating Revenue	2,037,120	1,828,417	208,703
Operating Expense			
Programming and production	658,955	605,771	53,184
Broadcasting	354,046	381,998	(27,952)
Management and general	560,697	433,704	126,993
Fundraising	264,868	257,516	7,352
Underwriting	151,443	105,296	46,147
Total Operating Expense	1,990,009	1,784,285	205,724
Operating Income	47,111	44,132	2,979
Change in Net Position	47,111	44,132	2,979
Net Position, Beginning of Year	819,289	775,157	44,132
Change in accounting principle, GASB 75 adjustments	(419,637)	-	(419,637)
Net position, beginning of the year as restated	399,652	775,157	(375,505)
Net Position, End of Year	\$ 446,763	\$ 819,289	\$ (372,526)

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

Operating revenue for the year ended June 30, 2018 increased by \$208,703 compared to the previous year. KUNR has continued moving donors towards a sustaining donation model where donors are set up to give a monthly donation via credit card. This has led to more consistent collection of donations.

During the fiscal year 2018, operating expense allocation categories were expanded to include a category for underwriting expenses. The allocation scheme was also refined and fiscal year 2017 figures were reclassified to conform to the 2018 presentation but there was no change in the total operating expense or net income for fiscal year 2017.

Statements of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of KUNR during the year. The statement helps users assess KUNR's ability to generate net cash flows, its ability to meet obligations as they come due, and its use of external financing.

KUNR uses the direct method presentation, showing cash flows from operations, non-capital financing activities, capital and related financing activities, and investing activities.

The following table presents condensed financial information from KUNR's Statements of Cash Flows for the years ended June 30, 2018 and 2017:

	2018	2017	Increase (Decrease)
Net cash flows from operating activities	\$ 109,636	\$ 39,528	\$ 70,108
Net cash flows from capital and related financing activities	(20,178)	(60,274)	40,096
Net Change in Cash and Cash Equivalents	89,458	(20,746)	110,204
Cash and Cash Equivalents, Beginning of Year	1,075,669	1,096,415	(20,746)
Cash and Cash Equivalents, End of Year	<u>\$ 1,165,127</u>	<u>\$ 1,075,669</u>	<u>\$ 89,458</u>

Economic Outlook

KUNR's economic outlook continues on an upward trend. By strategically increasing local, in-depth news coverage, and interruption-free fundraising, KUNR has responded to listener demands. This has resulted in an increase in membership support of \$172,403 (approximately 26%) from fiscal year 2017 to 2018.

The NPR product remains an extremely popular and stable radio format heard by 30 million weekly listeners in the United States. NPR is sustaining large and loyal audiences while other commercial radio formats struggle in the digital age. With our commitment to adding more news and information programming from national sources as well as expanding our local coverage, we expect the increase in membership support to continue its growth of 5-10% annually.

Opportunities in FY19 include:

- Collaborations and partnerships, including the Reynolds School of Journalism at the University of Nevada, Reno
- A shift toward 24/7 news and information programming on KUNR and 24/7 classical music and jazz on KNCJ
- Continued pursuit of higher levels of grant funding, major giving, planned giving and philanthropy.
- Further growth of underwriting from the KUNR sales team
- More digital content

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Management's Discussion and Analysis
June 30, 2018

- Expanding outreach to KUNR's rural translator communities
- Hosting community events to encourage non-member listeners to support KUNR

Overall, the economic outlook remains positive for KUNR. Careful stewardship, listener service and donor relations are paramount station-wide. KUNR continues to operate soundly to provide a distinct, relied-upon, increasingly engaging product at a time when the region is experiencing new growth, making for a promising future for KUNR.

Request for Information

This financial report is designed to provide donors, members, foundations and taxpayers with a general overview of the KUNR's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

KUNR 88.7-FM Radio
University of Nevada, Reno
Mail Stop 294
Reno, Nevada 89557-0294

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Statement of Net Position
As of June 30, 2018

Assets and Deferred Outflows of Resources*Current Assets*

Cash and cash equivalents	\$ 958,249
Underwriting receivables, net of allowance for doubtful accounts of \$6,384	238,205
Contributions receivable	4,130
Prepaid expenses	22,831

Total Current Assets 1,223,415

Capital Assets, net 158,788

Other Assets

Restricted cash and cash equivalents	206,878
--------------------------------------	---------

Total Assets 1,589,081

Deferred Outflows of Resources

Pension related	124,753
OPEB related	13,075

Total Deferred Outflows of Resources 137,828

Total Assets and Deferred Outflows of Resources \$ 1,726,909

Liabilities, Deferred Inflows of Resources and Net Position*Current Liabilities*

Accounts payable	\$ 2,515
Accrued salaries and benefits	121,295
Unearned underwriting revenue	195,137

Total Current Liabilities 318,947

Noncurrent Liabilities

Net pension liability	475,189
Net OPEB liability	418,451

Total Noncurrent Liabilities 893,640

Total Liabilities 1,212,587

Deferred Inflows of Resources

Pension related	41,514
OPEB related	26,045

Total Deferred Inflows of Resources 67,559

Net Position

Invested in capital assets, net of related debt	158,788
Restricted - expendable	206,878
Unrestricted	81,097

Total Net Position 446,763

**Total Liabilities and Deferred Outflows of
Resources and Net Position** \$ 1,726,909

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

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Statement of Revenue, Expense and Changes in Net Position
For the Year Ended June 30, 2018

Operating Revenue

Membership	\$ 821,900
Contributions and underwriting	638,030
CPB Community Service Grants	192,140
General appropriation from UNR	165,623
UNR facilities and administrative support	191,846
In-kind donations	19,232
Fundraising revenue, net of direct expense	8,349

Total Operating Revenue	2,037,120
--------------------------------	------------------

Operating Expense*Program Services*

Programming and production	658,955
Broadcasting	354,046

<i>Total Program Services</i>	<i>1,013,001</i>
-------------------------------	------------------

Supporting Services

Management and general	560,697
Fundraising	264,868
Underwriting	151,443

<i>Total Supporting Services</i>	<i>977,008</i>
----------------------------------	----------------

Total Operating Expense	1,990,009
--------------------------------	------------------

Operating Income and Change in Net Position	47,111
--	---------------

Net Position

Net position - beginning of year, as previously reported	819,289
Change in accounting principle, GASB 75 adjustments	(419,637)
Net position - beginning of year, as restated	399,652
Net Position - end of year	\$ 446,763

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

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education

Statement of Cash Flows

For the Year Ended June 30, 2018

Cash Flows from Operating Activities

General appropriation from UNR	\$ 165,623
Membership contributions	824,615
CPB Community Service Grants	192,140
Program underwriting	458,676
Grant revenues	104,269
Other income	13,555
Payments to vendors	(823,740)
Payments to employees	<u>(825,502)</u>

Net Cash Provided by Operating Activities	<u>109,636</u>
--	----------------

Cash Flows from Capital and Related Financing Activities

Purchase of equipment	<u>(20,178)</u>
-----------------------	-----------------

Net Cash Used by Capital and Related Financing Activities	<u>(20,178)</u>
--	-----------------

Net Change in Cash and Cash Equivalents	89,458
--	--------

Cash and Cash Equivalents, Beginning of Year	<u>1,075,669</u>
---	------------------

Cash and Cash Equivalents, End of Year	<u><u>\$ 1,165,127</u></u>
---	----------------------------

**Reconciliation of Cash and Cash Equivalents to
the Statement of Net Position**

Cash and cash equivalents in current assets	\$ 958,249
Restricted cash in other assets	<u>206,878</u>

Total Cash and Cash Equivalents	<u><u>\$ 1,165,127</u></u>
--	----------------------------

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

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education

Statement of Cash Flows

For the Year Ended June 30, 2018

Reconciliation of Operating Income to Cash Flows from Operating Activities

Operating Income	\$	47,111
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>		
Depreciation		20,720
Bad debt expense		2,310
Non-cash pension expense		16,844
Non-cash OPEB expense		11,784
Change in operating assets and liabilities		
Prepaid expenses		6,020
Underwriting receivables		(8,616)
Contributions receivable		2,715
Accounts payable		(26,493)
Accrued salaries and benefits		20,064
Unearned grants & underwriting revenue		17,177
		<hr/>
Net Cash Provided by Operating Activities	\$	109,636

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

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

KUNR 88.7-FM Radio (KUNR) is a non-commercial public radio station licensed to the Board of Regents of the Nevada System of Higher Education (NSHE) and is an outreach service of the University of Nevada, Reno (UNR). KUNR broadcasts over northern Nevada and parts of eastern California through several translators in those regions. KNCJ 89.5-FM (KNCJ), a non-commercial public radio station also licensed to NSHE and serving Reno and Sparks, is operated by KUNR staff and specializes in classical & jazz music. KNCJ began broadcasting in Fall 2016. As a financial reporting entity, KUNR encompasses KUNR 88.7-FM and KNCJ 89.5-FM. KNCC 91.5-FM (KNCC), a non-commercial public radio station also licensed to NSHE, rebroadcasts KUNR programs in Elko, Nevada.

Basis of Presentation

The financial statements of KUNR have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis* and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

For financial reporting purposes, KUNR is considered a special-purpose unit of UNR, engaged only in business-type activities. Accordingly, KUNR's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recorded as earned and expenses are recorded as incurred.

Financial statements reflect the operation of KUNR and KUNR's sister station, KNCJ. Both are licensed to the Board of Regents of the Nevada System of Higher Education and operated in the same facility by the same staff and management.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 24, 2019, the date the financial statements were available to be issued.

Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, KUNR considers all highly liquid short-term interest bearing investments purchased with an original maturity of three months or less and money markets to be cash equivalents.

Capital Assets

Capital assets purchased are recorded at cost. Assets donated are recorded at fair market value on the date of the gift. KUNR capitalizes assets purchased for greater than \$5,000 and with a useful life or more than one year. Assets are depreciated using the straight-line method based on useful lives of five to twenty years.

Pensions

The net pension liability and deferred outflows and inflows of resources related to pensions, pension expense, and information about the fiduciary net position and changes in the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) have been determined on the same basis as they are reported by PERS.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Other Post-Employment Benefits (OPEB)

The net OPEB liability and deferred outflows and inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position and changes in the fiduciary net position of the State of Nevada Retirees' Health and Welfare Benefits Plan have been determined on the same basis as they are reported by the Plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources reflect the balance of resources used that pertain to future periods and will not be recognized as expenses until that time. KUNR's deferred outflows of resources are related to pensions and OPEBs, which are further discussed in Notes 8 and 9, respectively.

Deferred inflows of resources reflect the balance of resources received that pertain to future periods and will not be recognized as revenue until that time. KUNR's deferred inflows of resources consist of grant revenue received before the time restrictions were met and pension and OPEB related deferred inflows of resources, which are further discussed in Notes 8 and 9, respectively.

Net Position

KUNR's net position is classified as follows:

Invested in capital assets, net of related debt:

This represents KUNR's total investment in capital assets. KUNR has no outstanding debt obligations related to its capital assets at June 30, 2018.

Restricted - expendable:

The restricted, expendable net position of KUNR primarily consists of cash from donors and grantors with the specification that the funds be used for specific purposes or in the next fiscal year.

Unrestricted:

Unrestricted net position represents resources that may be used to meet current expenses for any lawful purpose.

Operating Revenue and Expense*Support:*

Contributions and grants are recognized as operating revenues when all eligibility requirements are met, provided that the promise is verifiable, the resources are measurable and the collection is probable. Membership pledges are examined on an annual basis to determine their collectability. An allowance is recorded when collection is unlikely.

Underwriting:

KUNR enters into underwriting agreements with various patrons. These agreements involve cash and in-kind contributions for sponsorship of programs and often overlap fiscal periods. Revenue is recognized over the period of the underwriting agreement. Unearned underwriting revenue is recorded for the remaining unexpired portion of the agreement at the end of each fiscal year.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

In-kind Contributions:

In-kind contributions such as donated supplies, promotional items and compact disks are recorded as in-kind donations and fundraising expense in the accompanying Statement of Revenue, Expense and Changes in Net Position at their estimated fair values.

Donated Services:

Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by KUNR. Volunteers also provide assistance in program and supporting services throughout the year; however, such services are not recognized as contributions in the financial statements since the recognition criteria have not been met.

Operating Expense:

Functional classification and allocation of expenses are determined by management based on the functional definitions provided by *Application of Principles of Accounting and Financial Reporting to Public Telecommunications Entities*, published by the Corporation for Public Broadcasting.

Income Taxes

KUNR is an outreach service of the University of Nevada, Reno within the Nevada System of Higher Education, which is exempt from federal taxes in accordance with the Internal Revenue Service's Revenue Procedure 95-48. Consequently, KUNR is not subject to federal income taxes.

New Accounting Pronouncements

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), whose primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB 75 was implemented by KUNR for the year ended June 30, 2018. The implementation resulted in a negative adjustment to the beginning net position on the Statement of Revenue, Expense and Changes in Net Position for the year ended June 30, 2018 of \$419,637, reflecting the prior year OPEB related elements of net position.

2. Contributions Receivable

Unconditional gifts expected to be collected within one year are reported as current contributions receivable and unconditional gifts expected to be collected in one to five years are reported as non-current contributions receivable. No discount was recorded at June 30, 2018 as it was determined to be inconsequential. No allowance was recorded at June 30, 2018 based on the analysis of collectability of the receivables.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

3. Capital Assets

KUNR's activities related to capital assets consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Transmission equipment	\$ 216,428	\$ 14,328	\$ (3,255)	\$ 227,501
Studio and broadcast equipment	255,304	-	-	255,304
Furniture and fixtures	13,599	-	-	13,599
Software	10,000	5,850	-	15,850
Automobiles	33,977	-	-	33,977
Total capital assets being depreciated	529,308	20,178	(3,255)	546,231
Less accumulated depreciation for:				
Transmission equipment	(159,441)	(7,115)	3,255	(163,301)
Studio and broadcast equipment	(202,359)	(9,287)	-	(211,646)
Furniture and fixtures	(13,599)	-	-	(13,599)
Software	(9,167)	(1,613)	-	(10,780)
Automobiles	(25,412)	(2,705)	-	(28,117)
Total accumulated depreciation	(409,978)	(20,720)	3,255	(427,443)
Total capital assets being depreciated, net	119,330	(542)	-	118,788
Capital assets not being depreciated:				
Intangible assets	40,000	-	-	40,000
Total capital assets not depreciated	40,000	-	-	40,000
Capital assets, net	\$ 159,330	\$ (542)	\$ -	\$ 158,788

Depreciation expense totaled \$20,720 for the year ended June 30, 2018 and is reported as a direct expense of the relevant functions on the Statement of Revenue, Expense and Changes in Net Position.

4. Concentrations of Revenue

The following schedule shows the concentrations of KUNR's revenue for the year ended June 30, 2018:

Membership	40.35%
Contributions and underwriting	31.32%
CPB Community Service Grants	9.43%
UNR facilities and administrative support	9.42%
General appropriation - UNR	8.13%
Other	1.35%
	<u>100.00%</u>

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

5. CPB Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant making organization. CPB distributes annual Community Service Grants to qualifying public telecommunications entities. A majority of the funds from these grants may be used according to the Communications Act of 1934, which provides that funds may be used at the discretion of recipients for purposes related primarily to the production or acquisition of programming. The remaining restricted portion of the funds from these grants is required to be spent on national program production and acquisition. Under these grants, KUNR recognized \$192,140 in revenue for the year ended June 30, 2018. In recent years, KUNR expended 100% of CPB grants for national program acquisition.

6. UNR Facilities and Administrative Support

UNR facilities and administrative support was calculated based on UNR's College and Universities Rate Agreement, which is a rate schedule negotiated with the U.S. Department of Health and Human Services. The negotiated rate is applied to KUNR's expenses in a prescribed formula in order to determine the allocation of facilities and administrative support. Total facilities and administrative support was \$191,846 for the year ended June 30, 2018.

7. Contributed Services

KUNR receives contributed services for its annual financial statement audit and an attestation engagement related to reporting to the CPB. The in-kind revenue related to these services was \$17,000 for the year ended June 30, 2018.

8. Pension Plans

KUNR is staffed by employees of the Nevada System of Higher Education (NSHE or System). NSHE classified employees are covered by the Public Employees' Retirement System of Nevada (PERS), a cost-sharing multiple-employer public employee retirement system, and professional employees are covered under PERS or the NSHE Retirement Plan Alternative, a defined contribution retirement plan qualified under Internal Revenue Code Section 401(a).

Professional employees who work at least as a half-time equivalent and who have not previously participated in PERS must participate in the Retirement Plan Alternative (RPA). Under RPA, the employer and participants make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or participate in a variety of mutual funds. The required employee contribution rate for the year ended June 30, 2018 was 14.50%, and the contribution was matched by the employer. KUNR's employer contribution to RPA for the year ended June 30, 2018 was \$46,385.

NSHE also provides its employees an option to participate in the NSHE Supplemental 403(b) Plan, a defined contribution plan, subject to maximum contribution limits established annually by the Internal Revenue Service. The employee contributions are not matched by the employer.

General Information about the PERS

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system established by the Nevada Legislature in 1947, effective July 1, 1948.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by the employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2018, the statutory employer/employee matching rate was 14.50%. The Employer-Pay Contribution (EPC) rate was 28.00%.

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

At June 30, 2018, KUNR reported a liability of \$475,189 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. KUNR's proportional share of the net pension liability at June 30, 2018 is based on KUNR's employer contributions relative to the total employer contributions for all employers for the year ended June 30, 2017. KUNR's proportionate share was approximately 0.00357% of PERS' net pension liability, compared to 0.00340% in the previous year.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

For the year ended June 30, 2018, KUNR recognized pension expense of \$50,911. At June 30, 2018, KUNR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 31,182
Net difference between projected and actual earnings on investments	3,085	-
Changes of assumption	31,524	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	56,078	10,332
Employer contributions subsequent to the measurement date	34,066	-
	<u>\$ 124,753</u>	<u>\$ 41,514</u>

The deferred outflows of resources related to pensions at June 30, 2018 includes \$34,066 resulting from KUNR's contributions to PERS subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred inflows and outflows of resources will be recognized in net pension expense as follows for the years ending June 30:

2019	\$ 427
2020	19,980
2021	11,798
2022	2,380
2023	11,406
Thereafter	3,182
	<u>\$ 49,173</u>

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Actuarial Assumptions

The PERS' net pension liability, representing the total pension liability less the pension plan's fiduciary net position, was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increases	4.25% to 9.15%, depending on service
	Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates for healthy participants were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For disabled participants, mortality rates were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2017 valuation was based on the results of the experience review completed in 2017.

The PERS' policies which determine the investment portfolio target asset allocation are established by the PERS' Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the PERS.

The following was the PERS' Board adopted policy target asset allocation as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

* As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2017 was 7.50%, compared to 8.00% at the previous measurement date. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for 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 as of June 30, 2017.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Pension Liability Discount Rate Sensitivity

The following table presents KUNR's net pension liability using the discount rate of 7.50%, as well as what KUNR's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
KUNR's proportional share of the net pension liability as of 6/30/18	\$ 718,354	\$ 475,189	\$ 273,237

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS comprehensive annual financial report that includes financial statements and required supplementary information. The report is available online at www.nvpers.org under Quick Links – Publications or may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

9. Post Employment Benefits Other than Pensions

Employees of KUNR are provided with OPEB through the Nevada Public Employees' Benefits Program (PEBP) — a cost sharing multiple-employer defined benefit OPEB plan. The program is administered by the PEBP Board, whose ten members are appointed by the governor. NRS 287.023 provides eligible employees covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. The PEBP Board is granted the authority to establish and amend the benefit terms of the program (NRS 287.043).

Benefits Provided

Benefits other than pensions are provided to eligible retirees and their dependents through the payment of subsidies by the PEBP. Benefits include health, prescription drug, dental and life insurance coverage. The "base" subsidy rates are set by PEBP and approved by the Legislature and vary depending on the number of dependents and the medical plan selected. These subsidy rates are subtracted from the premium to arrive at the "participant premium." The "years of service" subsidy rates are then used to adjust the "participant premium" based on years of service. The current subsidy rates can be found at pebp.state.nv.us. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Employees hired after December 31, 2011 are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive benefits from the Retirees' Fund:

Any PEBP covered retiree with state service whose last employer was the state or a participating local government entity and who:

- Was initially hired by the state prior to January 1, 2010 and has at least five years of public service; or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012 and has at least fifteen years of public service; or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012 and has at least five years of public service and has a disability; or
- Any PEBP covered retiree with state service whose last employer was not the state or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government agency is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local government agency that has an agreement in effect with PEBP to obtain group insurance.

Contributions

The State Retirees' Health and Welfare Benefits Fund (Retirees' Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees (NRS 287.0436). The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local government agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of the premiums or contributions for the program is in statue. The Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012 and have retired with state service. The money assessed must be deposited into the Retirees' Fund and must be based upon a base amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. (NRS 287.046) The required contribution rate for employers (the retired employees group insurance rate), as a percentage of the covered payroll, for the fiscal year ended June 30, 2018 was 2.35%. KUNR contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2018 was \$12,234.

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

At June 30, 2018, KUNR reported a liability of \$418,451 for its proportionate share of the collective OPEB liability. The collective net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2018. KUNR's proportion of the collective net OPEB liability was based on KUNR's share of contributions of all participating OPEB employers and members. At June 30, 2018, KUNR's proportion was 0.0322%.

For the year ended June 30, 2018, KUNR recognized OPEB expense of \$24,860. At June 30, 2018, KUNR reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	33
Changes of assumption	-	26,012
Changes in proportion and differences between actual contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	13,075	-
	<u>\$ 13,075</u>	<u>\$ 26,045</u>

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Of the total amount reported as deferred outflows of resources related to OPEB, \$13,075 results from KUNR contributions subsequent to the measurement date and before the end of the fiscal year which are included as a reduction of the collective net OPEB liability in the year at June 30, 2018. The deferred outflow will be recognized as expense in fiscal 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ (6,890)
2020	(6,890)
2021	(6,890)
2022	<u>(5,375)</u>
	<u>\$ (26,045)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 1.00% to 10.65%, including inflation
Investment rate of return	3.58%, based on a 20-Year Munical Bond Index
Healthcare cost trend rates	For medical and prescription drug benefits, this amount is at 6.5% and decreases to a 5.00% long-term trend rate after six years. For dental benefits and Part B Premiums, the trend rate is 4.00% and 4.5%, respectively.

Regular mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set back one year for females. Police/Fire mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set forward one year. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality projected to 2014 with Scale AA, set forward three years.

The actuarial assumptions used in the January 1, 2018 valuation were based upon certain demographic and other actuarial assumptions as recommended by Aon, in conjunction with the State and guidance from the GASB statement.

The Nevada Legislature established the Retirement Benefits Investment Fund (RBIF), effective July 1, 2007 with the purpose to invest contributions made by participating public entities, as defined by NRS 355.220 to enable such entities to support financing of OPEB at some time in the future. NRS 355.220 requires that any money in the RBIF must be invested in the same manner as money in the Public Employees' Retirement System of Nevada Investment Fund is invested. See Note 8 for a description of the PERS Board Investment policy.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%, which is consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2017 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for using the discount rate at the 20-Year Municipal Bond Index rate. The Retiree Plan's fiduciary net position as of June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. The OPEB plan is funded on a pay-as-you-go basis, and therefore the discounted rate is equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate of 3.58%.

Sensitivity of KUNR's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents KUNR's proportionate share of the collective net OPEB liability, as well as what KUNR's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
KUNR's proportional share of the net collective net OPEB liability	\$ 463,229	\$ 418,451	\$ 379,659

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
KUNR's proportional share of the net OPEB liability	\$ 391,630	\$ 418,451	\$ 450,079

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report. PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. Those reports are available online at www.pebp.state.nv.us under resources/fiscal-utilization-reports or may be obtained from the Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

10. Concentrations of Credit Risk

Most of KUNR's cash funds are pooled with those of other campuses and divisions of the NSHE and consist primarily of deposits in money market funds, which are not federally insured. Management does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

11. Obligation under License and Sublease Agreements

Since July 1998, KUNR has held a license agreement for the rental of the transmitter site on McClellan Peak. The most recent agreement, renewed on July 1, 2018 and expiring on June 30, 2023, required a rental payment of \$1,688 per month during the fiscal year ended June 30, 2018, increasing 3% each year on the annual anniversary of the commencement date.

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to Financial Statements
June 30, 2018

Effective October 1, 2016, KUNR entered into a 58-month license agreement for the use of communication tower facility in Sun Valley, Nevada. The agreement stipulated a payment of \$650 per month, increasing 3% each year on the annual anniversary of the commencement date.

Effective October 1, 2016, KUNR entered into a 58-month sublease agreement for the shared use right of an antenna at the Sun Valley site. The agreement stipulated a payment of \$200 per month, increasing 3% each year on the annual anniversary of the commencement date.

The following table represents the future required rental payments for the years ending June 30:

2019	\$ 31,609
2020	32,558
2021	33,534
2022	23,759
2023	23,486
Thereafter	<u>-</u>
Total rental payments	<u><u>\$ 144,946</u></u>

Rental expense for the year ended June 30, 2018 was \$29,869.

12. Related Party Transactions

KUNR received general appropriation from UNR of \$165,623 for the year ended June 30, 2018. KUNR utilizes UNR facilities as further discussed in Note 6. Total facilities and administrative support from UNR was \$191,846 for the year ended June 30, 2018.

Revenue recognized from various UNR departments, related auxiliaries, and other campuses within NSHE for underwriting for the year ended June 30, 2018 was \$36,030. Included in underwriting receivables as of June 30, 2018 are small amounts due from various UNR departments, related auxiliaries, and other campuses within NSHE for program underwriting.

KUNR pays approximately \$15,000 per year to UNR for its telephone service and parking spaces on the UNR campus. Those expenses are included in supporting service expenses.

All financial statement line items referring to "University" or "UNR" are considered related party transactions.

Required Supplementary Information

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
KUNR's proportion of the net pension liability	0.00357%	0.00340%	0.00300%	0.00265%		(Historical information prior to the implementation of GASB 67/68 is not required)				
KUNR's proportionate share of the net pension liability	\$475,189	\$457,876	\$343,387	\$276,357						
KUNR's covered payroll	\$222,759	\$200,808	\$175,809	\$153,031						
KUNR's proportionate share of the net pension liability as a percentage of its covered payroll	213.32%	228.02%	195.32%	180.59%						
PERS fiduciary net position as a percentage of the total pension liability	74.40%	72.20%	75.13%	76.31%						

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

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Schedule of Entity Contributions for the Net Pension Liability
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 34,066	\$ 38,508	\$ 35,140	\$ 28,895						
Contributions in relation to the contractually required contribution	<u>(34,066)</u>	<u>(38,508)</u>	<u>(35,140)</u>	<u>(28,895)</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
KUNR's covered payroll	\$236,697	\$222,759	\$200,808	\$175,809						
Contributions as a percentage of covered payroll	14.39%	17.29%	17.50%	16.44%						

(Historical information prior
to the implementation of
GASB 67/68 is not required)

KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Schedule of Proportionate Share of the Net OPEB Liability
State of Nevada Retirees' Health and Welfare Benefits Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
KUNR's proportion of the net OPEB liability	0.0322%	(Historical information prior to the implementation of GASB 74/75 is not required)								
KUNR's proportionate share of the net OPEB liability	\$418,451									
KUNR's covered-employee payroll	\$518,397									
KUNR's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	80.72%									
State of Nevada's Retirees' Health and Welfare Plan fiduciary net position as a percentage of the total OPEB liability	0.11%									

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to

the Nevada System of Higher Education

Schedule of Entity Contributions for the Net OPEB Liability

State of Nevada Retirees' Health and Welfare Benefits Plan

Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 13,075	(Historical information prior to the implementation of GASB 74/75 is not required)								
Contributions in relation to the contractually required contribution	<u>(13,075)</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
KUNR's covered-employee payroll	\$556,890									
Contributions as a percentage of covered-employee payroll	2.35%									

KUNR 88.7-FM RADIO

A Public Broadcasting Entity Licensed to
the Nevada System of Higher Education
Notes to the Required Schedules for the Net OPEB Liability
State of Nevada Retirees' Health and Welfare Benefits Plan
For the Year Ending June 30, 2018

Valuation Date January 1, 2018

Methods and Assumptions used to determine
contribution rates:

Acturial Cost Method	Entry Age Normal - Level % of Salary
Asset Valuation Method	Market Value of Assets
Retirement Age**	63

Mortality	RP-2000 Combined Healthy Mortality project to 2014 with Scale AA, set back one year for females
-----------	--

**Weighted average retirement age based on January 1, 2018 census data
and retirement rates provided in the "Acturial Assumptions and Methods" section of
the report