



**Listen. Connect. Discover.**

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

**Financial Statements**

**June 30, 2019 and 2018**

**KUNR 88.7-FM Radio**

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

Table of Contents

June 30, 2019 and 2018

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Page

<b>Independent Auditors' Report</b>	1
-------------------------------------	---

<b>Management's Discussion and Analysis</b>	3
---	---

**Financial Statements**

Statements of Net Position	9
----------------------------	---

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

Statements of Cash Flows	11
--------------------------	----

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

**Required Supplementary Information**

Schedule of Proportionate Share of the Net Pension Liability	28
--	----

Schedule of Entity Contributions for the Net Pension Liability	29
--	----

Schedule of Proportionate Share of the Net OPEB Liability	30
---	----

Schedule of Entity Contributions for the Net OPEB Liability	31
---	----

Notes to the Required Schedules for the Net OPEB Liability	32
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## **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 years ended June 30, 2019 and 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.

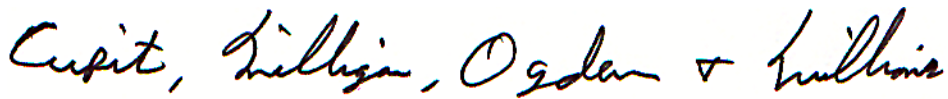
### **Opinion**

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, 2019 and 2018 and the changes in its net position and its cash flows for the years 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 28, the Schedule of Entity Contributions for the Net Pension Liability on page 29, the Schedule of Proportionate Share of the Net OPEB Liability on page 30, the Schedule of Entity Contributions for the Net OPEB Liability on page 31, and the Notes to the Required Schedules for the Net OPEB Liability on page 32 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 10, 2020

## **KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Management's Discussion and Analysis  
June 30, 2019

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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, 2019, with selected comparative information for the year ended June 30, 2018. 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.

### **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.

Certain amounts in the prior period presentation have been reclassified to conform to the current period financial statement presentation. Previously, underwriting receivables were recorded based on the total agreement amount minus cash received, and underwriting unearned revenue was recorded for the portion of the agreement covering the next fiscal period. For trade underwriting, underwriting receivables and underwriting unearned revenue represented the portion of the agreement for which the underwriting spots had not been aired at the end of fiscal year.

In the current period presentation, underwriting receivables consists only of the amounts due from the underwriters at year-end for the underwriting spots aired and billed, and the unearned underwriting revenue is recorded for the amount of cash received in advance of underwriting spots being aired.

To conform to the current period financial statement presentation, a reclassification was made to net the offsetting balance of \$172,782 in underwriting receivables and unearned underwriting revenue as of June 30, 2018.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Management's Discussion and Analysis  
June 30, 2019

The reclassifications had no effect on previously reported operating income or changes in net position.

The following table presents condensed financial information from KUNR's Statements of Net Position as of June 30, 2019 and 2018, with the reclassification previously discussed reflected in current assets and current liabilities:

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
<b>Assets and Deferred Outflows of Resources</b>				
Current assets	\$ 1,039,887	\$ 1,050,633	\$ (10,746)	-1.0%
Capital assets, net	138,162	158,788	(20,626)	-13.0%
Other assets	239,365	206,878	32,487	15.7%
Total Assets	<u>1,417,414</u>	<u>1,416,299</u>	<u>1,115</u>	<u>0.1%</u>
Deferred Outflows of Resources	<u>160,120</u>	<u>137,828</u>	<u>22,292</u>	<u>16.2%</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,577,534</u>	<u>\$ 1,554,127</u>	<u>\$ 23,407</u>	<u>1.5%</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
Current liabilities	\$ 169,013	\$ 146,165	\$ 22,848	15.6%
Noncurrent liabilities	<u>937,311</u>	<u>893,640</u>	<u>43,671</u>	<u>4.9%</u>
Total Liabilities	<u>1,106,324</u>	<u>1,039,805</u>	<u>66,519</u>	<u>6.4%</u>
Deferred Inflows of Resources	<u>62,320</u>	<u>67,559</u>	<u>(5,239)</u>	<u>-7.8%</u>
Net Position				
Invested in capital assets, net of related debt	138,162	158,788	(20,626)	-13.0%
Restricted - expendable	239,365	206,878	32,487	15.7%
Unrestricted	<u>31,363</u>	<u>81,097</u>	<u>(49,734)</u>	<u>-61.3%</u>
Total Net Position	<u>408,890</u>	<u>446,763</u>	<u>(37,873)</u>	<u>-8.5%</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 1,577,534</u>	<u>\$ 1,554,127</u>	<u>\$ 23,407</u>	<u>1.5%</u>

Current assets consist primarily of unrestricted cash and cash equivalents and underwriting receivables. As of June 30, 2019 and 2018, unrestricted cash and cash equivalents totaled \$958,841 and \$958,249, 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 accrued salaries and benefits.

Noncurrent liabilities consist of net pension liability and net OPEB liability, which increased by \$25,602 and \$18,069, respectively, from fiscal year 2018 to 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, 2019

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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, 2019

**Statements of Revenue, Expense and Changes in Net Position**

The 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 membership, 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, 2019 and 2018:

	<b>2019</b>	<b>2018</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Operating Revenue</b>				
Membership	\$ 866,586	\$ 821,900	\$ 44,686	5.4%
Contributions and underwriting	698,288	638,030	60,258	9.4%
CPB Community Service Grants	195,993	192,140	3,853	2.0%
General appropriation from UNR	100,283	165,623	(65,340)	-39.5%
UNR facilities and administrative support	203,734	191,846	11,888	6.2%
In-kind donations	19,172	19,232	(60)	-0.3%
Fundraising revenue, net of direct expense	-	8,349	(8,349)	-100.0%
<b>Total Operating Revenue</b>	<b>2,084,056</b>	<b>2,037,120</b>	<b>46,936</b>	<b>2.3%</b>
<b>Operating Expense</b>				
Programming and production	732,850	658,955	73,895	11.2%
Broadcasting	322,735	354,046	(31,311)	-8.8%
Management and general	603,663	560,697	42,966	7.7%
Fundraising	271,977	264,868	7,109	2.7%
Underwriting	190,704	151,443	39,261	25.9%
<b>Total Operating Expense</b>	<b>2,121,929</b>	<b>1,990,009</b>	<b>131,920</b>	<b>6.6%</b>
<b>Operating (Loss) Income</b>	<b>(37,873)</b>	<b>47,111</b>	<b>(84,984)</b>	<b>-180.4%</b>
<b>Change in Net Position</b>	<b>(37,873)</b>	<b>47,111</b>	<b>(84,984)</b>	<b>-180.4%</b>
<b>Net Position, Beginning of Year</b>	<b>446,763</b>	<b>399,652</b>	<b>47,111</b>	<b>11.8%</b>
<b>Net Position, End of Year</b>	<b>\$ 408,890</b>	<b>\$ 446,763</b>	<b>\$ (37,873)</b>	<b>-8.5%</b>

Operating revenue for the year ended June 30, 2019 increased by \$46,936 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.



## KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Management's Discussion and Analysis  
June 30, 2019

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### 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash flows from operating activities	\$ 33,079	\$ 109,636	\$ (76,557)	-69.8%
Net cash flows from capital and related financing activities	-	(20,178)	20,178	-100.0%
Net Change in Cash and Cash Equivalents	33,079	89,458	(56,379)	-63.0%
Cash and Cash Equivalents, Beginning of Year	1,165,127	1,075,669	89,458	8.3%
Cash and Cash Equivalents, End of Year	<u>\$ 1,198,206</u>	<u>\$ 1,165,127</u>	<u>\$ 33,079</u>	<u>2.8%</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. Regional news coverage has been expanded through the Mountain West News Bureau that KUNR joined this year. While fiscal year 2019 showed a slight setback due to approximately \$65,000 in reduced funding from the state appropriation, this amount was restored for fiscal year 2020. Membership support increased by \$44,686 from fiscal year 2018 to 2019. Contributions and underwriting revenue increased by \$60,258 in the same period.

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 commercial radio has largely abandoned news production and struggles to adapt to the digital transition. 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 to 10% annually.

#### Opportunities in fiscal year 2020 include:

- Expanding community collaborations and partnerships, including the Reynolds School of Journalism at the University of Nevada, Reno, and The Nevada Independent
- Creation of more local content on KNCJ
- Continued growth of underwriting revenue from the KUNR sales team
- Continued pursuit of higher levels of grant funding, major giving, and planned giving
- Expanding KUNR's community outreach and engagement

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 compelling and distinctive product at a time when the region is experiencing growth and dynamism, boding well for the future of 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, 2019

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**Request for Information**

This financial report is designed to provide donors, members, foundations and taxpayers with a general overview of 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

## Statements of Net Position

As of June 30, 2019 and 2018

<b>Assets and Deferred Outflows of Resources</b>	<b>2019</b>	<b>2018</b>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 958,841	\$ 958,249
Underwriting receivables, net of allowance for doubtful accounts of \$5,761 and \$6,384, respectively	58,238	65,423
Contributions receivable	-	4,130
Prepaid expenses	22,808	22,831
<i>Total Current Assets</i>	<u>1,039,887</u>	<u>1,050,633</u>
<i>Capital Assets, net</i>	<u>138,162</u>	<u>158,788</u>
<i>Other Assets</i>		
Restricted cash and cash equivalents	239,365	206,878
<i>Total Assets</i>	<u>1,417,414</u>	<u>1,416,299</u>
<i>Deferred Outflows of Resources</i>		
Pension related	136,139	124,753
OPEB related	23,981	13,075
<i>Total Deferred Outflows of Resources</i>	<u>160,120</u>	<u>137,828</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 1,577,534</u></u>	<u><u>\$ 1,554,127</u></u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ 5,697	\$ 2,515
Accrued salaries and benefits	146,047	121,295
Unearned underwriting revenue	17,269	22,355
<i>Total Current Liabilities</i>	<u>169,013</u>	<u>146,165</u>
<i>Noncurrent Liabilities</i>		
Net pension liability	500,791	475,189
Net OPEB liability	436,520	418,451
<i>Total Noncurrent Liabilities</i>	<u>937,311</u>	<u>893,640</u>
<i>Total Liabilities</i>	<u>1,106,324</u>	<u>1,039,805</u>
<i>Deferred Inflows of Resources</i>		
Pension related	33,050	41,514
OPEB related	29,270	26,045
<i>Total Deferred Inflows of Resources</i>	<u>62,320</u>	<u>67,559</u>
<i>Net Position</i>		
Invested in capital assets, net of related debt	138,162	158,788
Restricted - expendable	239,365	206,878
Unrestricted	31,363	81,097
<i>Total Net Position</i>	<u>408,890</u>	<u>446,763</u>
<b>Total Liabilities and Deferred Outflows of Resources and Net Position</b>	<u><u>\$ 1,577,534</u></u>	<u><u>\$ 1,554,127</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

Statements of Revenue, Expense and Changes in Net Position  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Operating Revenue</b>		
Membership	\$ 866,586	\$ 821,900
Contributions and underwriting	698,288	638,030
CPB Community Service Grants	195,993	192,140
General appropriation from UNR	100,283	165,623
UNR facilities and administrative support	203,734	191,846
In-kind donations	19,172	19,232
Fundraising revenue, net of direct expense	<u>-</u>	<u>8,349</u>
<b>Total Operating Revenue</b>	<u>2,084,056</u>	<u>2,037,120</u>
<b>Operating Expense</b>		
<i>Program Services</i>		
Programming and production	732,850	658,955
Broadcasting	<u>322,735</u>	<u>354,046</u>
<i>Total Program Services</i>	<u>1,055,585</u>	<u>1,013,001</u>
<i>Supporting Services</i>		
Management and general	603,663	560,697
Fundraising	271,977	264,868
Underwriting	<u>190,704</u>	<u>151,443</u>
<i>Total Supporting Services</i>	<u>1,066,344</u>	<u>977,008</u>
<b>Total Operating Expense</b>	<u>2,121,929</u>	<u>1,990,009</u>
<b>Operating (Loss) Income and Change in Net Position</b>	<u>(37,873)</u>	<u>47,111</u>
<b>Net Position</b>		
Net position - beginning of year, as previously reported	446,763	819,289
Change in accounting principle, GASB 75 adjustments	<u>-</u>	<u>(419,637)</u>
Net position - beginning of year	<u>446,763</u>	<u>399,652</u>
Net position - end of year	<u>\$ 408,890</u>	<u>\$ 446,763</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

**Statements of Cash Flows**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
General appropriation from UNR	\$ 100,283	\$ 165,623
Membership contributions	870,716	824,615
CPB Community Service Grants	195,993	192,140
Program underwriting	479,784	458,676
Grant revenues	126,080	104,269
Other income	-	13,555
Payments to vendors	(752,022)	(823,740)
Payments to employees	(987,755)	(825,502)
<b>Net Cash Provided by Operating Activities</b>	<u>33,079</u>	<u>109,636</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of equipment	<u>-</u>	<u>(20,178)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>-</u>	<u>(20,178)</u>
<b>Net Change in Cash and Cash Equivalents</b>	33,079	89,458
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,165,127</u>	<u>1,075,669</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,198,206</u></u>	<u><u>\$ 1,165,127</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Cash and cash equivalents in current assets	\$ 958,841	\$ 958,249
Restricted cash and cash equivalents in other assets	<u>239,365</u>	<u>206,878</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 1,198,206</u></u>	<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

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of Operating (Loss) Income to Cash Flows from Operating Activities</b>		
Operating (Loss) Income	\$ (37,873)	\$ 47,111
<i>Adjustments to reconcile operating (loss) income to net cash provided by operating activities:</i>		
Depreciation	20,626	20,720
Non-cash pension expense	5,752	16,844
Non-cash OPEB expense	10,388	11,784
Change in operating assets and liabilities		
Prepaid expenses	23	6,020
Underwriting receivables	7,185	(6,306)
Contributions receivable	4,130	2,715
Accounts payable	3,182	(26,493)
Accrued salaries and benefits	24,752	20,064
Unearned underwriting revenue	(5,086)	17,177
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 33,079</u>	<u>\$ 109,636</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  
Notes to Financial Statements  
June 30, 2019 and 2018

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### **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, Nevada is operated by KUNR staff and specializes in classical & jazz music. KNCJ began broadcasting in the Fall of 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 operations 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 10, 2020, 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, 2019 and 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 (the 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 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 had no outstanding debt obligations related to its capital assets at June 30, 2019 or 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 as the underwriting spots are aired. Unearned underwriting revenue is recorded for the amount of cash received in advance of underwriting spots being aired.



## **KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

### *In-kind Donations:*

In-kind donations such as donated supplies, promotional items and compact disks are recorded as in-kind donations and fundraising expense in the accompanying Statements 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 Statements 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.

### Financial Statement Presentation

Certain amounts in the prior period presentation have been reclassified to conform to the current period financial statement presentation. Previously, underwriting receivables were recorded based on the total agreement amount minus cash received, and underwriting unearned revenue was recorded for the portion of the agreement covering the next fiscal period. For trade underwriting, underwriting receivables and underwriting unearned revenue represented the portion of the agreement for which the underwriting spots had not been aired at the end of the fiscal year.

In the current period presentation, underwriting receivables consists only of the amounts due from the underwriters at year-end for the underwriting spots aired and billed, and the unearned underwriting revenue is recorded for the amount of cash received in advance of underwriting spots being aired.

To conform to the current period financial statement presentation, a reclassification was made to net the offsetting balance of \$172,782 in underwriting receivables and unearned underwriting revenue as of June 30, 2018.

The reclassifications had no effect on previously reported operating income or changes in net position.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

**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. There were no contributions receivable at June 30, 2019. 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.

**3. Capital Assets**

KUNR's activities related to capital assets consisted of the following for the year ended June 30, 2019:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Transmission equipment	\$ 227,501	\$ -	\$ -	\$ 227,501
Studio and broadcast equipment	255,304	-	(4,547)	250,757
Furniture and fixtures	13,599	-	(5,020)	8,579
Software	15,850	-	-	15,850
Automobiles	33,977	-	-	33,977
Total capital assets being depreciated	546,231	-	(9,567)	536,664
Less accumulated depreciation for:				
Transmission equipment	(163,301)	(7,463)	-	(170,764)
Studio and broadcast equipment	(211,646)	(9,288)	4,547	(216,387)
Furniture and fixtures	(13,599)	-	5,020	(8,579)
Software	(10,780)	(1,170)	-	(11,950)
Automobiles	(28,117)	(2,705)	-	(30,822)
Total accumulated depreciation	(427,443)	(20,626)	9,567	(438,502)
Total capital assets being depreciated, net	118,788	(20,626)	-	98,162
Capital assets not being depreciated:				
Intangible assets	40,000	-	-	40,000
Total capital assets not depreciated	40,000	-	-	40,000
Capital assets, net	\$ 158,788	\$ (20,626)	\$ -	\$ 138,162

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

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 \$20,626 and \$20,720 for the years ended June 30, 2019 and 2018, respectively and is reported as a direct expense of the relevant functions on the Statements of Revenue, Expense and Changes in Net Position.

**4. Concentrations of Revenue**

The following schedule shows the concentrations of KUNR's revenue for the years ended June 30, 2019 and 2018:

	2019	2018
Membership	41.58%	40.35%
Contributions and underwriting	33.51%	31.32%
CPB Community Service Grants	9.40%	9.43%
UNR facilities and administrative support	9.78%	9.42%
General appropriation - UNR	4.81%	8.13%
Other	0.92%	1.35%
	<u>100.00%</u>	<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, 2019 and 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 \$195,993 and \$192,140 in revenue for the years ended June 30, 2019 and 2018, respectively. 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 \$203,734 and \$191,846 for the years ended June 30, 2019 and 2018, respectively.

### **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 each of years ended June 30, 2019 and 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 years ended June 30, 2019 and 2018 was 14.50%, and the contribution was matched by the employer. KUNR's employer contribution to the RPA was \$56,667 and \$46,385 for the years ended June 30, 2019 and 2018, respectively.

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

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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 years ended June 30, 2019 and 2018, the statutory employer/employee matching rate was 14.50%, and 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, 2019 and 2018, KUNR reported a liability of \$500,791 and \$475,189, respectively for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. KUNR's proportional share of the net pension liability at June 30, 2019 and 2018 is based on KUNR's employer contributions relative to the total employer contributions for all employers for the years ended June 30, 2018

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

and 2017, respectively. KUNR's proportionate share was approximately 0.00367% and 0.00357% of PERS' net pension liability in the respective years.

For the years ended June 30, 2019 and 2018, KUNR recognized pension expense of \$44,605 and \$50,911, respectively. At June 30, 2019, 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	\$ 15,688	\$ 23,245
Net difference between projected and actual earnings on investments	-	2,385
Changes of assumption	26,389	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	55,210	7,420
Employer contributions subsequent to the measurement date	38,852	-
	<u>\$ 136,139</u>	<u>\$ 33,050</u>

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, 2019 and 2018 included \$38,852 and \$34,066, respectively, of KUNR's contributions to PERS made subsequent to the measurement dates and recognized as a reduction of the net pension liability in the following 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, 2019 and 2018

---

Other amounts reported as deferred inflows and outflows of resources at June 30, 2019 will be recognized in net pension expense as follows for the years ending June 30:

2020	\$ 22,518
2021	14,108
2022	4,396
2023	13,749
2024	8,342
Thereafter	1,124
	<u>\$ 64,237</u>

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, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The total pension liability as of June 30, 2018 and 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.5% (2018), 5.0% (2017), 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, 2018 and 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, 2018 and 2017 valuation were 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, 2018 and 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, 2018 and 2017, PERS' long-term inflation assumption was 2.75%.

## KUNR 88.7-FM Radio

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

### *Discount Rate*

The discount rate used to measure the total pension liability as of June 30, 2018 and 2017 was 7.50%. 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, 2018 and 2017.

### *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 or 1-percentage-point higher 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 6/30/19	\$ 763,686	\$ 500,791	\$ 282,340
	<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](http://www.nvpers.org) under Financial Reports 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](http://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:



**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

---

Any PEPB 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 PEPB 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 PEPB as a retiree since November 30, 2008.

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 PEPB 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 statute. 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 assessment rate), as a percentage of the covered payroll, for the fiscal years ended June 30, 2019 and 2018 was 2.34% and 2.35%, respectively. KUNR contributions recognized as part of OPEB expense for the fiscal years ended June 30, 2019 and 2018 was \$13,075 and \$12,234, respectively.

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

At June 30, 2019 and 2018, KUNR reported a liability of \$436,520 and \$418,451, respectively, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2018 and 2017, respectively, 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, 2019 and 2018, KUNR's proportion was 0.0330% and 0.0322%, respectively.

For the years ended June 30, 2019 and 2018, KUNR recognized OPEB expense of \$25,558 and \$24,860, respectively.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

At June 30, 2019, 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	-	54
Changes of assumption	-	29,216
Changes in proportion and differences between actual contributions and proportionate share of contributions	8,813	-
Employer contributions subsequent to the measurement date	15,168	-
	<u>\$ 23,981</u>	<u>\$ 29,270</u>

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>

Of the total amount reported as deferred outflows of resources related to OPEB at June 30, 2019 and 2018, \$15,168 and \$13,075 in respective year reflect KUNR contributions made subsequent to the measurement dates and recognized as a reduction of the collective net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	\$ (7,280)
2021	(7,280)
2022	(5,728)
2023	(169)
2024	-
Thereafter	-
	<u>\$ (20,457)</u>

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

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**Actuarial Assumptions**

The total OPEB liability at June 30, 2019 and 2018 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	2.50%
Salary increases	4.25% to 9.15% for non-Police/Fire members, vary by service. Rates include inflation and productivity increases
Investment rate of return	Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index: Measurement Date June 30, 2017: 3.58% Measurement Date June 30, 2018: 3.87%
Healthcare cost trend rates	For medical and prescription drug benefits, this amount is at 7.5% in 2018 and gradually decreases to a 4.5% long-term trend rate by 2026. 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.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.87% and 3.58%, respectively, 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 rates. The assets in the trust as of June 30, 2018 and 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, 2019 and 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.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

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*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 or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
KUNR's proportional share of the net OPEB liability as of 6/30/19	\$ 480,968	\$ 436,520	\$ 397,892
	<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 OPEB liability as of 6/30/18	\$ 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 as of 6/30/19	\$ 407,172	\$ 436,520	\$ 471,168
KUNR's proportional share of the net OPEB liability as of 6/30/18	\$ 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](http://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.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Notes to Financial Statements  
June 30, 2019 and 2018

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**10. Concentrations of Credit Risk**

Most of KUNR's cash funds are pooled with those of other UNR departments at the UNR Foundation. The pooled funds are invested in certificates of deposit and US treasuries. The UNR Foundation guarantees the balance of KUNR's accounts. 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 \$1,739 per month during the fiscal year ended June 30, 2019, increasing 3% each year on the annual anniversary of the commencement date.

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:

2020	\$ 32,558
2021	33,534
2022	23,759
2023	23,486
Thereafter	<u>-</u>
Total rental payments	<u>\$ 113,337</u>

Rental expense for the years ended June 30, 2019 and 2018 was \$31,609 and \$29,869, respectively.

**12. Related Party Transactions**

KUNR received general appropriation from UNR of \$100,283 and \$165,623 for the years ended June 30, 2019 and 2018, respectively. KUNR utilizes UNR facilities as further discussed in Note 6. Total facilities and administrative support from UNR was \$203,734 and \$191,846 for the years ended June 30, 2019 and 2018, respectively.

Revenue recognized from various UNR departments, related auxiliaries, and other campuses within NSHE for underwriting for the years ended June 30, 2019 and 2018 was \$35,567 and \$36,030, respectively. Included in underwriting receivables as of June 30, 2019 are small amounts due from various UNR departments, related auxiliaries, and other campuses within NSHE for program underwriting.

KUNR pays approximately \$14,000 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>2019</u>	<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>
KUNR's proportion of the net pension liability	0.00367%	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	\$500,791	\$475,189	\$457,876	\$343,387	\$276,357					
KUNR's covered payroll	\$236,697	\$222,759	\$200,808	\$175,809	\$153,031					
KUNR's proportionate share of the net pension liability as a percentage of its covered payroll	211.57%	213.32%	228.02%	195.32%	180.59%					
PERS fiduciary net position as a percentage of the total pension liability	75.20%	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>2019</u>	<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>
Contractually required contribution	\$ 38,852	\$ 34,066	\$ 38,508	\$ 35,140	\$ 28,895	(Historical information prior to the implementation of GASB 67/68 is not required)				
Contributions in relation to the contractually required contribution	<u>(38,852)</u>	<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>	<u>\$ -</u>					
KUNR's covered payroll	\$271,367	\$236,697	\$222,759	\$200,808	\$175,809					
Contributions as a percentage of covered payroll	14.32%	14.39%	17.29%	17.50%	16.44%					



**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>2019</u>	<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>
KUNR's proportion of the net OPEB liability	0.0330%	0.0322%	(Historical information prior to the implementation of GASB 74/75 is not required)							
KUNR's proportionate share of the net OPEB liability	\$436,520	\$418,451								
KUNR's covered payroll	\$556,890	\$518,397								
KUNR's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	78.39%	80.72%								
State of Nevada's Retirees' Health and Welfare Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.11%								

\*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 OPEB Liability  
State of Nevada Retirees' Health and Welfare Benefits Plan  
Last 10 Fiscal Years

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	<u>2019</u>	<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>
Contractually required contribution	\$ 15,168	\$ 13,075	(Historical information prior to the implementation of GASB 74/75 is not required)							
Contributions in relation to the contractually required contribution	<u>(15,168)</u>	<u>(13,075)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
KUNR's covered payroll	\$648,209	\$556,890								
Contributions as a percentage of covered-employee payroll	2.34%	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 Years Ending June 30, 2019 and 2018

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Valuation Date

January 1, 2018

Methods and Assumptions used to determine  
contribution rates:

Actuarial Cost Method  
Asset Valuation Method  
Retirement Rates

Entry Age Normal Level % of Salary  
Market Value of Assets  
Varies by age and service \*\*

Mortality Rates

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

\*\* Retirement rates provided in the "Actuarial Assumptions and Methods" section of the report