



**Listen. Connect. Discover.**

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

**Financial Statements**

**June 30, 2020 and 2019**

**KUNR 88.7-FM Radio**

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

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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, 2020 and 2019, 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.

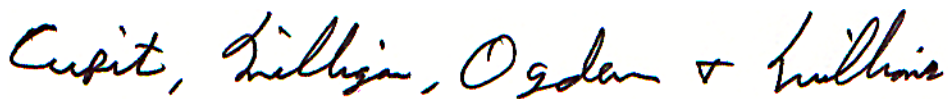
### **Opinion**

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, 2020 and 2019 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.

A handwritten signature in blue ink that reads "Curtis, Kilgus, Ogden & Lullman". The signature is written in a cursive, flowing style.

Reno, Nevada  
January 12, 2021

## **KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
the Nevada System of Higher Education  
Management's Discussion and Analysis  
June 30, 2020

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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, 2020, with selected comparative information for the year ended June 30, 2019. 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.

**KUNR 88.7-FM Radio**

A Public Broadcasting Entity Licensed to  
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Management's Discussion and Analysis  
June 30, 2020

The following table presents condensed financial information from KUNR's Statements of Net Position as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
<b>Assets and Deferred Outflows of Resources</b>				
Current assets	\$ 1,134,790	\$ 1,039,887	\$ 94,903	9.1%
Capital assets, net	119,068	138,162	(19,094)	-13.8%
Other assets	210,660	239,365	(28,705)	-12.0%
Total Assets	<u>1,464,518</u>	<u>1,417,414</u>	<u>47,104</u>	<u>3.3%</u>
Deferred Outflows of Resources	<u>261,208</u>	<u>160,120</u>	<u>101,088</u>	<u>63.1%</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 1,725,726</u></u>	<u><u>\$ 1,577,534</u></u>	<u><u>\$ 148,192</u></u>	<u><u>9.4%</u></u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
Current liabilities	\$ 216,206	\$ 169,013	\$ 47,193	27.9%
Noncurrent liabilities	<u>1,066,614</u>	<u>937,311</u>	<u>129,303</u>	<u>13.8%</u>
Total Liabilities	<u>1,282,820</u>	<u>1,106,324</u>	<u>176,496</u>	<u>16.0%</u>
Deferred Inflows of Resources	<u>79,124</u>	<u>62,320</u>	<u>16,804</u>	<u>27.0%</u>
Net Position				
Invested in capital assets, net of related debt	119,068	138,162	(19,094)	-13.8%
Restricted - expendable	210,660	239,365	(28,705)	-12.0%
Unrestricted	<u>34,054</u>	<u>31,363</u>	<u>2,691</u>	<u>8.6%</u>
Total Net Position	<u>363,782</u>	<u>408,890</u>	<u>(45,108)</u>	<u>-11.0%</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u><u>\$ 1,725,726</u></u>	<u><u>\$ 1,577,534</u></u>	<u><u>\$ 148,192</u></u>	<u><u>9.4%</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, 2020 and 2019, unrestricted cash and cash equivalents totaled \$1,073,002 and \$958,841, 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 \$49,540 and \$79,763, respectively, from fiscal year 2019 to 2020. KUNR's deferred inflows of resources are related to pensions and other postemployment benefits (OPEB).

**KUNR 88.7-FM Radio**

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Management's Discussion and Analysis  
June 30, 2020

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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  
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Management's Discussion and Analysis  
June 30, 2020

**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 underwriting, grants, contributions and membership 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, 2020 and 2019:

	<b>2020</b>	<b>2019</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Operating Revenue</b>				
Membership	\$ 770,022	\$ 866,586	\$ (96,564)	-11.1%
Underwriting	455,155	477,684	(22,529)	-4.7%
Contributions and grants	292,112	126,079	166,033	131.7%
CPB Community Service Grants	205,660	195,993	9,667	4.9%
General appropriation from UNR	149,441	100,283	49,158	49.0%
Indirect administrative support	397,199	203,734	193,465	95.0%
In-kind contributions and donations	115,090	113,697	1,393	1.2%
<b>Total Operating Revenue</b>	<b>2,384,679</b>	<b>2,084,056</b>	<b>300,623</b>	<b>14.4%</b>
<b>Operating Expense</b>				
Programming and production	824,619	732,850	91,769	12.5%
Broadcasting	317,099	322,735	(5,636)	-1.7%
Management and general	838,443	603,663	234,780	38.9%
Fundraising	232,886	271,977	(39,091)	-14.4%
Underwriting	216,740	190,704	26,036	13.7%
<b>Total Operating Expense</b>	<b>2,429,787</b>	<b>2,121,929</b>	<b>307,858</b>	<b>14.5%</b>
<b>Operating Loss</b>	<b>(45,108)</b>	<b>(37,873)</b>	<b>(7,235)</b>	<b>19.1%</b>
<b>Change in Net Position</b>	<b>(45,108)</b>	<b>(37,873)</b>	<b>(7,235)</b>	<b>19.1%</b>
<b>Net Position, Beginning of Year</b>	<b>408,890</b>	<b>446,763</b>	<b>(37,873)</b>	<b>-8.5%</b>
<b>Net Position, End of Year</b>	<b>\$ 363,782</b>	<b>\$ 408,890</b>	<b>\$ (45,108)</b>	<b>-11.0%</b>

Operating revenue for the year ended June 30, 2020 increased by \$300,623 compared to the previous year. A significant portion of the increase in operating revenue from fiscal year 2019 to 2020 is due to the change in the calculation of indirect administrative support adopted by the CPB. This change led to an increase of \$193,465 from 2019 to 2020. Additionally, KUNR received CPB Cares Act funding in the amount of \$112,136 included in contributions and grants which further contributed to the increase in operating revenues.

Certain amounts in the prior period presentation have been reclassified to conform to the current period financial statement presentation. 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  
Management's Discussion and Analysis  
June 30, 2020

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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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash flows from operating activities	\$ 85,456	\$ 33,079	\$ 52,377	158.3%
Net Change in Cash and Cash Equivalents	85,456	33,079	52,377	158.3%
Cash and Cash Equivalents, Beginning of Year	<u>1,198,206</u>	<u>1,165,127</u>	<u>33,079</u>	<u>2.8%</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,283,662</u>	<u>\$ 1,198,206</u>	<u>\$ 85,456</u>	<u>7.1%</u>

### Economic Outlook

Fiscal year 2020 was looking to be another year of revenue growth, until everything came to a standstill in March due to the Covid-19 pandemic. While membership support decreased by close to \$100,000 from fiscal year 2019 to 2020, a majority (approximately 80%) of the year-to-year decrease is attributed to an abnormally high level of revenue from our car donation program and a large bequest in fiscal year 2019. Underwriting support also decreased by close to \$20,000, as many businesses and non-profit organizations had to cancel the remainder of their contracts for the fiscal year.

However, at KUNR we are cautiously optimistic about our economic outlook. In fiscal year 2021, we have already seen many underwriting clients returning to our airwaves and added some new ones. We were awarded a \$100,000 grant from the Facebook Journalism Project as well as increases in several other grants we receive. While our state funding, through the university, will likely be reduced when the Nevada Legislature meets in the spring, state support represents 7% of KUNR's total revenue. We know that this pandemic will have long lasting impacts, especially in Nevada as one of the hardest hit states economically. With that in mind, we are focused on what we can truly control right now: our expenses and the quality of our on-air product.

KUNR is operating as lean as we possibly can. We have renegotiated national programming costs, cut travel budgets, and will work as a team to cover three vacant full-time positions. We are leveraging existing and forging new partnerships in order to provide more local and regional content without increasing our production costs.

The NPR product remains an extremely popular and stable radio format heard by close to 38 million weekly listeners in the United States. Our local news team is providing award-winning content covering the issues that impact Northern Nevada and Eastern California. Our collaboration in the Mountain West News Bureau is providing coverage of the entire Mountain West region. Additionally, our classical and jazz station, KN CJ, is providing a respite from all of the noise and stress. We believe that if we continue to provide these high quality services, our community will continue to support 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, 2020

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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, 2020 and 2019

<b>Assets and Deferred Outflows of Resources</b>	<b>2020</b>	<b>2019</b>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,073,002	\$ 958,841
Underwriting receivables, net of allowance for doubtful accounts of \$1,485 and \$5,761, respectively	48,002	58,238
Prepaid expenses	13,786	22,808
<i>Total Current Assets</i>	<u>1,134,790</u>	<u>1,039,887</u>
<i>Capital Assets, net</i>	<u>119,068</u>	<u>138,162</u>
<i>Other Assets</i>		
Restricted cash and cash equivalents	210,660	239,365
<i>Total Assets</i>	<u>1,464,518</u>	<u>1,417,414</u>
<i>Deferred Outflows of Resources</i>		
Pension related	180,206	136,139
OPEB related	81,002	23,981
<i>Total Deferred Outflows of Resources</i>	<u>261,208</u>	<u>160,120</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 1,725,726</u></u>	<u><u>\$ 1,577,534</u></u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ 4,982	\$ 5,697
Accrued salaries and benefits	178,054	146,047
Unearned underwriting revenue	33,170	17,269
<i>Total Current Liabilities</i>	<u>216,206</u>	<u>169,013</u>
<i>Noncurrent Liabilities</i>		
Net pension liability	550,331	500,791
Net OPEB liability	516,283	436,520
<i>Total Noncurrent Liabilities</i>	<u>1,066,614</u>	<u>937,311</u>
<i>Total Liabilities</i>	<u>1,282,820</u>	<u>1,106,324</u>
<i>Deferred Inflows of Resources</i>		
Pension related	47,760	33,050
OPEB related	31,364	29,270
<i>Total Deferred Inflows of Resources</i>	<u>79,124</u>	<u>62,320</u>
<i>Net Position</i>		
Invested in capital assets, net of related debt	119,068	138,162
Restricted - expendable	210,660	239,365
Unrestricted	34,054	31,363
<i>Total Net Position</i>	<u>363,782</u>	<u>408,890</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u><u>\$ 1,725,726</u></u>	<u><u>\$ 1,577,534</u></u>

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

**KUNR 88.7-FM RADIO**

A Public Broadcasting Entity Licensed to  
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Statements of Revenue, Expense and Changes in Net Position  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Operating Revenue</b>		
Membership	\$ 770,022	\$ 866,586
Underwriting	455,155	477,684
Contributions and grants	292,112	126,079
CPB Community Service Grants	205,660	195,993
General appropriation from UNR	149,441	100,283
Indirect administrative support	397,199	203,734
In-kind contributions and donations	<u>115,090</u>	<u>113,697</u>
<b>Total Operating Revenue</b>	<u>2,384,679</u>	<u>2,084,056</u>
<b>Operating Expense</b>		
<i>Program Services</i>		
Programming and production	824,619	732,850
Broadcasting	<u>317,099</u>	<u>322,735</u>
<i>Total Program Services</i>	<u>1,141,718</u>	<u>1,055,585</u>
<i>Supporting Services</i>		
Management and general	838,443	603,663
Fundraising	232,886	271,977
Underwriting	<u>216,740</u>	<u>190,704</u>
<i>Total Supporting Services</i>	<u>1,288,069</u>	<u>1,066,344</u>
<b>Total Operating Expense</b>	<u>2,429,787</u>	<u>2,121,929</u>
<b>Operating Loss and Change in Net Position</b>	<u>(45,108)</u>	<u>(37,873)</u>
<b>Net Position</b>		
Net position - beginning of year	408,890	446,763
Net position - end of year	<u>\$ 363,782</u>	<u>\$ 408,890</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, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
General appropriation from UNR	\$ 149,441	\$ 100,283
Membership contributions	770,022	870,716
CPB Community Service Grants	205,660	195,993
Program underwriting	481,291	479,784
Grant revenues	292,112	126,080
Payments to vendors	(719,619)	(752,022)
Payments to employees	(1,093,451)	(987,755)
<b>Net Cash Provided by Operating Activities</b>	<b>85,456</b>	<b>33,079</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>85,456</b>	<b>33,079</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,198,206</b>	<b>1,165,127</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,283,662</b>	<b>\$ 1,198,206</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</b>		
Cash and cash equivalents in current assets	\$ 1,073,002	\$ 958,841
Restricted cash and cash equivalents in other assets	210,660	239,365
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,283,662</b>	<b>\$ 1,198,206</b>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Operating Loss to Cash Flows from Operating Activities</b>		
Operating Loss	\$ (45,108)	\$ (37,873)
<i>Adjustments to reconcile operating loss to net cash provided by operating activities:</i>		
Depreciation	19,094	20,626
Non-cash pension expense	20,183	5,752
Non-cash OPEB expense	24,836	10,388
Change in operating assets and liabilities		
Prepaid expenses	9,022	23
Underwriting receivables	10,236	7,185
Contributions receivable	-	4,130
Accounts payable	(715)	3,182
Accrued salaries and benefits	32,007	24,752
Unearned underwriting revenue	15,901	(5,086)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 85,456</u>	<u>\$ 33,079</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, 2020 and 2019

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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 12, 2021, 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.

#### Compensated Absences

KUNR accrues annual leave for employees at rates based upon length of service and job classification. Such accruals are included in accrued salaries and benefits on the Statements of Net Position.

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### 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.

### 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, 2020 or 2019.

#### *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.



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*Underwriting:*

KUNR enters into underwriting agreements with various patrons. These agreements involve cash 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. In-kind underwriting contributions are classified within in-kind contributions and donations in the accompanying Statements of Revenue, Expense and Changes in Net Position and amounted to \$97,118 and \$94,525 for the years ended June 30, 2020 and 2019, respectively.

*In-kind Contributions and Donations:*

In-kind contributions and donations such as in-kind underwriting, promotional items and compact disks are recorded as in-kind contributions and 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.

Financial Statement Presentation

Certain amounts in the prior period presentation have been reclassified to conform to the current period financial statement presentation. The reclassifications had no effect on previously reported operating income or changes in net position.

**2. Underwriting Receivables**

Underwriting receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is KUNR's best estimate of the amount of probable credit losses in KUNR's existing receivables. KUNR determines the allowance based on historical write-off experience. Past due balances are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote.

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**3. Capital Assets**

KUNR's activities related to capital assets consisted of the following for the year ended June 30, 2020:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Transmission equipment	\$ 227,501	\$ -	\$ -	\$ 227,501
Studio and broadcast equipment	250,757	-	-	250,757
Furniture and fixtures	8,579	-	-	8,579
Software	15,850	-	-	15,850
Automobiles	33,977	-	-	33,977
Total capital assets being depreciated	536,664	-	-	536,664
Less accumulated depreciation for:				
Transmission equipment	(170,764)	(7,463)	-	(178,227)
Studio and broadcast equipment	(216,387)	(7,756)	-	(224,143)
Furniture and fixtures	(8,579)	-	-	(8,579)
Software	(11,950)	(1,170)	-	(13,120)
Automobiles	(30,822)	(2,705)	-	(33,527)
Total accumulated depreciation	(438,502)	(19,094)	-	(457,596)
Total capital assets being depreciated, net	98,162	(19,094)	-	79,068
Capital assets not being depreciated:				
Intangible assets	40,000	-	-	40,000
Total capital assets not depreciated	40,000	-	-	40,000
Capital assets, net	\$ 138,162	\$ (19,094)	\$ -	\$ 119,068

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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:				
Construction in progress	-	-	-	-
Intangible assets	40,000	-	-	40,000
Total capital assets not depreciated	40,000	-	-	40,000
Capital assets, net	\$ 158,788	\$ (20,626)	\$ -	\$ 138,162

Depreciation expense totaled \$19,094 and \$20,626 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
Membership	32.29%	41.58%
Underwriting	19.09%	22.92%
Indirect administrative support	16.66%	9.78%
Contributions and grants	12.25%	6.05%
CPB Community Service Grants	8.62%	9.40%
General appropriation - UNR	6.27%	4.81%
Other	4.82%	5.46%
	<u>100.00%</u>	<u>100.00%</u>

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### **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 \$205,660 and \$195,993 in revenue for the years ended June 30, 2020 and 2019, respectively. In recent years, KUNR expended 100% of CPB grants for national program acquisition.

### **6. Indirect Administrative Support**

KUNR calculates indirect administrative support in accordance with the method adopted by the CPB. During the year ended June 30, 2020, the indirect cost rate was derived from certain information from the audited financial statements of NSHE, the institutional licensee, and was applied to KUNR's expenses to determine the indirect administrative support. For the year ended June 30, 2019, prior to the CPB's adoption of the new method, indirect 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 was applied to KUNR's expenses in order to determine the indirect administrative support for KUNR. Total indirect administrative support was \$397,199 and \$203,734 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

### **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, 2020 and 2019 was 15.25% and 14.50%, respectively, and the contribution was matched by the employer. KUNR's employer contribution to the RPA was \$61,637 and \$56,667 for the years ended June 30, 2020 and 2019, 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.

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### *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.

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, 2020 and 2019, the statutory employer/employee matching rate was 15.25% and 14.50%, and the Employer-Pay Contribution (EPC) rate was 29.25% and 28.00%, respectively.

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

At June 30, 2020 and 2019, KUNR reported a liability of \$550,331 and \$500,791, respectively for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, 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, 2020 and 2019 is based on KUNR's employer contributions relative to the total employer contributions for all employers for the years ended June 30, 2019 and 2018, respectively. KUNR's proportionate share was approximately 0.00404% and 0.00367% of PERS' net pension liability in the respective years.

For the years ended June 30, 2020 and 2019, KUNR recognized pension expense of \$75,894 and \$44,605, respectively. At June 30, 2020, KUNR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 20,637	\$ 15,874
Net difference between projected and actual earnings on investments	-	27,377
Changes of assumption	22,396	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	81,463	4,509
Employer contributions subsequent to the measurement date	<u>55,710</u>	<u>-</u>
	<u>\$ 180,206</u>	<u>\$ 47,760</u>

At June 30, 2019, KUNR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>38,852</u>	<u>-</u>
	<u>\$ 136,139</u>	<u>\$ 33,050</u>

The deferred outflows of resources related to pensions at June 30, 2020 and 2019 included \$55,710 and \$38,852, 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.

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Other amounts reported as deferred inflows and outflows of resources at June 30, 2020 will be recognized in net pension expense as follows for the years ending June 30:

2021	\$ 20,369
2022	9,576
2023	20,129
2024	14,784
2025	10,247
Thereafter	<u>1,631</u>
	<u>\$ 76,736</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, 2019 and 2018, 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, 2019 and 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.5%, 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, 2019 and 2018 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, 2019 valuation were based on the results of the experience review completed in 2019. Actuarial assumptions used in the June 30, 2018 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, 2019:

<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%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

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The following was the PERS' Board adopted policy target asset allocation as of June 30, 2018:

<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, 2019 and 2018, PERS' long-term inflation assumption was 2.75%.

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2019 and 2018 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, 2019 and 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 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 6/30/20	\$ 852,121	\$ 550,331	\$ 299,467
	<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

**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).



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### *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:

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.

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 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, 2020 and 2019 was 2.34%. KUNR contributions recognized as part of OPEB expense for the fiscal years ended June 30, 2020 and 2019 was \$15,168 and \$13,075, respectively.

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

At June 30, 2020 and 2019, KUNR reported a liability of \$516,283 and \$436,520, respectively, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2019 and July 1, 2018, 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, 2020 and 2019, KUNR's proportion was 0.0370% and 0.0330%, respectively.

For the years ended June 30, 2020 and 2019, KUNR recognized OPEB expense of \$42,560 and \$25,558, respectively.

At June 30, 2020, 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	\$ -	\$ 9,224
Net difference between projected and actual earnings on OPEB plan investments	-	87
Changes of assumption	11,124	22,053
Changes in proportion and differences between actual contributions and proportionate share of contributions	52,153	-
Employer contributions subsequent to the measurement date	17,725	-
	<u>\$ 81,002</u>	<u>\$ 31,364</u>

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>

Of the total amount reported as deferred outflows of resources related to OPEB at June 30, 2020 and 2019, \$17,725 and \$15,168 in each respective year reflects KUNR contributions made subsequent to the measurement dates and are recognized as a reduction of the collective net OPEB liability in the following fiscal year. Other amounts reported

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as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ 4,103
2022	5,844
2023	12,156
2024	9,810
Thereafter	-
	<u>\$ 31,913</u>

Actuarial Assumptions

The total OPEB liability at June 30, 2020 and 2019 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	Ranges from 1.00% to 5.90% for non-Police/Fire members, depending on years of service.
Investment rate of return	Based on Bond Buyer General Obligation 20-Bond Municipal Bond Index: Measurement Date June 30, 2019: 3.51% Measurement Date June 30, 2018: 3.87%
Healthcare cost trend rates	For medical and prescription drug benefits, this amount is 7.0% at 2019 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.

For the year ended June 30, 2020, pre-retirement regular mortality rates were based on the Headcount-weighted RP-2014 Employee table projected to 2020 with Scale MP-2016. Post-retirement regular mortality rates 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. Disabled mortality rates were based on the Headcount-weighted RP-2014 Disabled Retiree table, set forward four years.

For the year ended June 30, 2019, 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

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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 3.51% and 3.87%, 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, 2019 and 2018 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, 2020 and 2019, 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.

***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 (2.51%)</u>	<u>Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
KUNR's proportional share of the net OPEB liability as of 6/30/20	\$ 569,242	\$ 516,283	\$ 470,330
	<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

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 (2.51%)</u>	<u>Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
KUNR's proportional share of the net OPEB liability as of 6/30/20	\$ 569,242	\$ 516,283	\$ 470,330
	<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

**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.

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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 \$1,791 per month during the fiscal year ended June 30, 2020, 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:

2021	\$ 33,534
2022	23,759
2023	23,486
Thereafter	-
Total rental payments	<u>\$ 80,779</u>

Rental expense for the years ended June 30, 2020 and 2019 was \$32,558 and \$31,609, respectively.

**12. Related Party Transactions**

KUNR received a general appropriation from UNR of \$149,441 and \$100,283 for the years ended June 30, 2020 and 2019, respectively. Total indirect administrative support from NSHE and UNR was \$397,199 and \$203,734 for the years ended June 30, 2020 and 2019, respectively.

Revenue recognized from various UNR departments, related auxiliaries, and other campuses within NSHE for underwriting for the years ended June 30, 2020 and 2019 was \$43,929 and \$35,567, respectively. Included in underwriting receivables as of June 30, 2020 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  
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Schedule of Proportionate Share of the Net Pension Liability  
Public Employees' Retirement System of Nevada  
Last 10 Fiscal Years\*

	<u>2020</u>	<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>
KUNR's proportion of the net pension liability	0.00404%	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	\$550,331	\$500,791	\$475,189	\$457,876	\$343,387	\$276,357				
KUNR's covered payroll	\$271,367	\$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	202.80%	211.57%	213.32%	228.02%	195.32%	180.59%				
PERS fiduciary net position as a percentage of the total pension liability	76.46%	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**

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Schedule of Entity Contributions for the Net Pension Liability  
Public Employees' Retirement System of Nevada  
Last 10 Fiscal Years

	<u>2020</u>	<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>
Contractually required contribution	\$ 55,710	\$ 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>(55,710)</u>	<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>	<u>\$ -</u>				
KUNR's covered payroll	\$369,095	\$271,367	\$236,697	\$222,759	\$200,808	\$175,809				
Contributions as a percentage of covered payroll	15.09%	14.32%	14.39%	17.29%	17.50%	16.44%				



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Schedule of Proportionate Share of the Net OPEB Liability  
State of Nevada Retirees' Health and Welfare Benefits Plan  
Last 10 Fiscal Years\*

	<u>2020</u>	<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>
KUNR's proportion of the net OPEB liability	0.0370%	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	\$516,283	\$436,520	\$418,451							
KUNR's covered payroll	\$648,209	\$556,890	\$518,397							
KUNR's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	79.65%	78.39%	80.72%							
State of Nevada's Retirees' Health and Welfare Plan fiduciary net position as a percentage of the total OPEB liability	0.02%	0.12%	0.11%							

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

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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>2020</u>	<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>
Contractually required contribution	\$ 17,725	\$ 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>(17,725)</u>	<u>(15,168)</u>	<u>(13,075)</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
KUNR's covered payroll	\$757,491	\$648,209	\$556,890							
Contributions as a percentage of covered-employee payroll	2.34%	2.34%	2.35%							

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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, 2020 and 2019

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Valuation Date January 1, 2018

Methods and Assumptions used to determine  
contribution rates:

Actuarial Cost Method

Entry Age Normal Level % of Salary

Asset Valuation Method

Market Value of Assets

Retirement Rates

Varies by age and service \*\*

Mortality Rates

For the year ending June 30, 2020

Pre-Retirement: Headcount-weighted RP-2014 table projected  
to 2020 with Scale MP-2016.

Post-Retirement: Headcount-weighted RP-2014 Healthy Annuitant  
table projected to 2020 with Scale MP-2016, set forward one  
year for spouses and beneficiaries.

For the year ending June 30, 2019

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 date and retirement rates provided  
in the "Actuarial Assumptions and Methods" section of the report