

KUAC TV9 FM 89.9

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

KUAC TV9 FM 89.9

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of KUAC TV9 & FM89.9 (KUAC) for the years ended June 30, 2018 and June 30, 2017, with selected comparative information for the year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The KUAC financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. During 2002, KUAC implemented GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities*. This statement is applicable for KUAC since KUAC is a public telecommunications entity operated by the University of Alaska Fairbanks.

Statement of Net Position

The Statement of Net Position presents the financial position of KUAC at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of KUAC. The net position is one indicator of the financial condition of KUAC, while the change in net position is an indicator of whether the financial condition has improved or declined during the year. A summarized comparison of KUAC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2018, 2017 and 2016 follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current assets	\$2,548,673	\$2,317,311	\$2,182,789
Capital assets, net of depreciation	<u>1,030,836</u>	<u>1,091,809</u>	<u>1,123,531</u>
Total assets	<u>3,579,509</u>	<u>3,409,120</u>	<u>3,306,320</u>
Deferred outflows related to pension	<u>224,000</u>	<u>440,000</u>	<u>214,000</u>
Liabilities:			
Current liabilities	243,503	134,677	91,832
Noncurrent liabilities	<u>1,907,000</u>	<u>2,535,000</u>	<u>1,758,000</u>
Total liabilities	<u>2,150,503</u>	<u>2,669,677</u>	<u>1,849,832</u>
Deferred inflows related to pension	<u>272,000</u>	<u>23,000</u>	<u>33,000</u>
Net position:			
Invested in capital assets	1,030,836	1,091,809	1,123,531
Unrestricted	<u>350,170</u>	<u>433,634</u>	<u>513,957</u>
Total net position	<u>\$1,381,006</u>	<u>\$1,525,443</u>	<u>\$1,637,488</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The most notable change to the statement of net position as of June 30, 2018 regards the recognition of a net other post-retirement benefit (OPEB) liability as of July 1, 2017 totaling \$432,000. Net of related deferred outflows related to the OPEB liability, unrestricted net assets were reduced by \$369,000 through a cumulative effect of change in accounting principal as of June 30, 2018. More detailed information is available in Note 11 in the Notes to Financial Statements. The net OPEB liability and related deferred inflows and outflows are required to be reported starting in fiscal year 2018 in accordance with GASB Statement 75. This is also added to the net pension liability and related deferred inflows and outflows, required to be reported in accordance with GASB 68. It is important to note that these standards do not affect the cash flows or budget of KUAC, but rather affect the timing of the recognition of pension expense for external financial reporting.

Overall, net position at June 30, 2018 decreased \$144,437. Of this, \$206,000 related to GASB 68 and 75, as follows: \$369,000 related to adopting GASB 75 at July 1, 2017, less \$163,000 related to a net decrease in the net pension and OPEB liabilities and related deferred inflows and outflows for the year ended June 30, 2018.

Deposits and investments totaled \$2,383,671 at June 30, 2018, as compared to \$2,025,599 at June 30, 2017. These funds consist of operating funds held on deposit at University of Alaska Fairbanks and University of Alaska Foundation.

Liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Position. Current liabilities are those that are due or will likely be paid in the next fiscal year. They are comprised of accounts payable and unearned revenue. Noncurrent liabilities are comprised of the net pension liability.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for KUAC. Revenues, expenses and other changes in net position are reported as either operating or nonoperating. All significant revenue sources for KUAC are reported as operating revenue. KUAC has defined significant revenue sources as operating, including grant revenue, state appropriations for operations, contributions, other operating revenues, underwriting revenues, and in-kind contributed support.

A summarized comparison of KUAC's revenues, expenses and changes in net position for the years ended June 30, 2018, 2017 and 2016 follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$3,973,682	\$4,311,602	\$4,185,482
Operating expenses	<u>3,912,119</u>	<u>4,250,353</u>	<u>3,984,265</u>
Operating profit (loss)	61,563	61,249	201,217
Net non-operating revenues (expenses)	<u>65,947</u>	<u>52,973</u>	<u>41,255</u>
Increase (decrease) in net position, before other revenues	127,510	114,222	242,442
Pension expense—net pension and OPEB	<u>97,053</u>	<u>(226,267)</u>	<u>(213,519)</u>
Increase (decrease) in net position	224,563	(112,045)	28,923
Net position at beginning of year	1,525,443	1,637,488	1,608,656
Cum effect of change in accounting principle	<u>(369,000)</u>	<u>0</u>	<u>0</u>
Net position at end of year	<u>\$1,381,006</u>	<u>\$ 1,525,443</u>	<u>\$1,637,488</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Statement of Revenues, Expenses and Changes in Net Position reflects an overall increase in net position of \$224,563 or 16.2 percent for the year ended June 30, 2018. Of this, \$163,000 related to an overall decrease in net pension and OPEB liabilities and related deferred inflows and outflows for the year ended June 30, 2018. Major changes in revenues and expenses in 2018 are described below.

As a department of the University of Alaska Fairbanks, KUAC continues to experience the uncertainty of yearly reduced State of Alaska funding to the University of Alaska and to KUAC. While in FY 2017, KUAC had an increase in university funding of \$68,670, in FY 2018, KUAC had a reduction of \$300,670 in university funding.

In FY 2018, we had a decrease of \$63,566 in our Corporation for Public Broadcasting (CPB) grants due to the decrease in revenue qualifying for nonfederal financial support (NFFS). Note 10 to the financial statements includes information as to what types of revenue qualify for nonfederal financial support (NFFS) standing. The importance of the NFFS calculation is that this number is a major factor in the calculation of our CPB grants as well as Public Broadcasting Service (PBS) and National Public Radio (NPR) dues. KUAC receives significant savings through a statewide purchase of NPR dues/programming. In contrast, the calculation of PBS dues utilizes a one-size fits all formula based on NFFS for each station, to the detriment of small market stations.

In FY 2018, we had a small increase of \$1,588 in underwriting revenue or 1.0 percent, from \$254,492 in FY 2017. We attribute reductions in underwriting due to the pressures and uncertainties businesses face in the current economic environment of Alaska. In contrast, we had an increase of \$59,894, or 7.5 percent, in contributions revenue.

In fiscal year 2016, with restatement of the FY 2015 balances, KUAC adopted GASB 68. In fiscal year 2018, KUAC adopted GASB 75 related to the liability for other post-retirement benefits. These accounting standards by the Governmental Accounting Standards Board requires each government unit across the United States to carry its proportionate share of the net liability of any pension and OPEB plans in which it participates. KUAC benefited employees participate in the State of Alaska Public Employees Retirement System (PERS); thus it has the responsibility to carry its share of the net pension and OPEB liability from the PERS system. Deferred outflows and inflows of resources relate to the same pension and OPEB requirements. The net effect of changes to the net pension liability and related deferred outflows and inflows of resources was to decrease pension expense and increase change in net position by \$163,000 in FY 2018, and to increase pension expense and decrease change in net position by \$172,000 in FY 2017, and \$168,000 in FY 2016.

To offset declines in revenues, KUAC continues to use a variety of strategies to reduce expenses, while continuing to refresh infrastructure expenditures. These strategies include reconfiguring and/or eliminating positions, delaying recruitments, and conducting a stringent review of expenditures.

A comparison of operating expenses by natural classification for selected fiscal years follows (see Note 13 of the financial statements for more information).

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

	Operating Expenses* Natural Classification					
	FY 2018		FY 2017		FY 2016	
Compensation and benefits	\$ 1,742,868	44.6%	\$ 1,806,475	42.5%	\$ 1,553,961	38.9%
Contractual services	985,491	25.2%	1,213,904	28.6%	1,210,429	30.3%
Supplies & materials	98,716	2.5%	74,531	1.8%	69,257	1.7%
Travel & other	85,892	2.2%	61,885	1.5%	63,729	1.6%
In-kind facilities	510,206	13.0%	535,806	12.6%	511,313	12.8%
In-kind administration	320,658	8.2%	345,661	8.1%	344,558	8.6%
Depreciation	168,288	4.3%	212,091	5.0%	241,018	6.0%
	<u>\$ 3,912,119</u>	<u>100.0%</u>	<u>\$ 4,250,353</u>	<u>100.0%</u>	<u>\$ 3,994,265</u>	<u>100.0%</u>

* Does not include noncash pension expense related to On-Behalf payments made by State of Alaska and change in net pension and OPEB liabilities and deferred inflows and outflows of resources.

In FY 2018, KUAC had a decrease of (\$338,234) in expenditures (including depreciation) compared to FY 2017. The major decreases are found in the reduction of contractual services, due primarily to negotiating lower costs for carrying television and radio programming, and compensation/benefits. As a result of these reductions, the in-kind expenditures for facilities and administration were reduced by (\$25,500) and (\$25,003), respectively.

Other Economic and Financial Conditions

The fiscal year 2018 university appropriation to KUAC decreased by (\$300,670) from 2017, or 38 percent. KUAC continues to pursue increased revenues in other areas in addition to monitoring expenditures.

In spite of the economic challenges families face, donor contributions remain strong-- reflecting the consistent level of KUAC community engagement and support. In FY 2015, KUAC started a sustaining gift program for donors which has grown to over 160 Art Buswell Society (ABS) donors and over 2700 sustaining and other gifts. The KUAC Kids Club now numbers over 150 members. This program builds upon the Public Broadcasting System (PBS) kids' educational programs, including partnerships with community organizations for specific KUAC Kids Club events. It is these factors, in conjunction with KUAC's continuing conservative operational management, which allow KUAC to focus upon meeting its mission.

Contacting KUAC's Financial Management

This financial report is designed to provide residents of the State of Alaska and our customers and creditors with a general overview of KUAC's finances, and to demonstrate KUAC's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact KUAC TV/FM, University of Alaska Fairbanks, P.O. Box 755620, Fairbanks, Alaska 99175-5620.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
University of Alaska
KUAC TV9 FM 89.9

We have audited the accompanying financial statements of KUAC TV9 FM 89.9, (a public telecommunications entity operated by the University of Alaska Fairbanks), which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 in the first paragraph present fairly, in all material respects, the financial position of KUAC TV9 FM 89.9 as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in note 1, the financial statements present only KUAC TV9 FM 89.9, and do not purport to, and do not, present fairly the financial position of the University of Alaska as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2018, KUAC TV9 FM 89.9 adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, KUAC TV9 FM 89.9 reported a restatement for the change in accounting principle (note 11). Our opinion is not modified with respect to the restatement.

Other Matter**Required supplementary information**

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 1-4 and the schedule of proportionate share of net pension liability and employer contributions on pages 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 33-36 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RJG

RJG, A Professional Corporation

February 7, 2019
Fairbanks, Alaska

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF NET POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets		
Cash (note 3)	\$ 438,388	\$ 78,770
Cash position held at University of Alaska Foundation (note 4)	1,945,283	1,946,829
Accounts receivable (note 5)	79,934	49,885
Prepaid expenses	<u>85,068</u>	<u>241,827</u>
Total current assets	2,548,673	2,317,311
Capital assets, net of accumulated depreciation (note 6)	<u>1,030,836</u>	<u>1,091,809</u>
Total assets	<u>3,579,509</u>	<u>3,409,120</u>
Deferred outflows related to pension and OPEB (note 9)	<u>224,000</u>	<u>377,000</u>
Liabilities		
Current liabilities		
Accounts payable	20,291	18,000
Due to University of Alaska (note 3)	204,937	94,473
Unearned underwriting revenue	<u>18,275</u>	<u>22,204</u>
Total current liabilities	243,503	134,677
Noncurrent liabilities		
Net pension and OPEB liability (note 9)	<u>1,907,000</u>	<u>2,103,000</u>
Total liabilities	<u>2,150,503</u>	<u>2,237,677</u>
Deferred inflows related to pension and OPEB (note 9)	<u>272,000</u>	<u>23,000</u>
Net position		
Net investment in capital assets	1,030,836	1,091,809
Unrestricted	<u>350,170</u>	<u>433,634</u>
Total net position	<u><u>\$ 1,381,006</u></u>	<u><u>\$ 1,525,443</u></u>

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating revenues		
Corporation for Public Broadcasting		
Community service grants	\$ 877,355	\$ 941,735
Other	171,056	170,242
Alaska Public Broadcasting Commission	159,413	160,361
State appropriations and University funding - operating	792,600	1,093,270
Contributions	853,302	793,408
Other operating revenues	33,011	16,627
Underwriting revenues	256,080	254,492
Facilities and administrative support - UAF (note 7)	564,242	611,471
In-kind contributions (note 7)	266,623	269,996
	<hr/>	<hr/>
Total operating revenues	3,973,682	4,311,602
	<hr/>	<hr/>
Operating expenses		
Program services		
Programming and production	1,267,424	1,473,530
Broadcasting	1,034,051	1,094,088
Program information	263,964	254,003
Supporting services		
Management and general	526,504	604,111
Fundraising	476,992	397,204
Underwriting	174,896	215,326
Depreciation	168,288	212,091
	<hr/>	<hr/>
Total operating expenses	3,912,119	4,250,353
	<hr/>	<hr/>
Operating profit	61,563	61,249
	<hr/>	<hr/>
Non-operating revenues (expenses)		
State of Alaska on-behalf contributions - pension	65,947	54,267
Loss on disposal of capital assets	-	(1,294)
	<hr/>	<hr/>
Total non-operating revenues (expenses)	65,947	52,973
	<hr/>	<hr/>
Change in net position before other revenues, expenses, gains or losses	127,510	114,222
Change in net pension and OPEB liability	163,000	(172,000)
Pension expense - noncash net pension expense (note 9)	(65,947)	(54,267)
	<hr/>	<hr/>
Change in net position	224,563	(112,045)
	<hr/>	<hr/>
Net position		
Beginning of year	1,525,443	1,637,488
Cumulative effect of change in accounting principle (note 11)	(369,000)	-
	<hr/>	<hr/>
End of year	\$ 1,381,006	\$ 1,525,443
	<hr/>	<hr/>

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Cash received from operating grants	\$ 1,207,824	\$ 1,272,338
Cash received from state appropriations	792,600	1,093,270
Cash received from contributions	825,371	797,723
Cash received from underwriting contracts	250,033	260,665
Other operating revenues received	33,011	16,627
Cash paid to employees and suppliers	<u>(2,753,916)</u>	<u>(3,294,616)</u>
Net cash provided by operating activities	<u>354,923</u>	<u>146,007</u>
Cash flows from non-capital financing activities		
Net advances from University of Alaska	<u>110,464</u>	<u>55,065</u>
Net cash provided by non-capital financing activities	<u>110,464</u>	<u>55,065</u>
Cash flows from capital and related financing activities		
Purchase of infrastructure and equipment	<u>(107,315)</u>	<u>(189,483)</u>
Net cash (used in) capital and related financing activities	<u>(107,315)</u>	<u>(189,483)</u>
Cash flows from investing activities		
(Increase) decrease in cash position held at University of Alaska Foundation	<u>1,546</u>	<u>(102,890)</u>
Net cash provided by (used in) investing activities	<u>1,546</u>	<u>(102,890)</u>
Net increase (decrease) in cash and cash equivalents	359,618	(91,301)
Cash and cash equivalents		
Beginning of year	<u>78,770</u>	<u>170,071</u>
End of year	<u><u>\$ 438,388</u></u>	<u><u>\$ 78,770</u></u>

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS (Continued)

YEARS ENDED JUNE 30, 2018 AND 2017

Reconciliation of operating profit to net cash provided by operating activities

	<u>2018</u>	<u>2017</u>
Operating profit	\$ 61,563	\$ 61,249
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation expense	168,288	212,091
Changes in assets and liabilities:		
Underwriting receivable	(2,118)	18,393
Contributions receivable	(27,931)	4,315
Prepaid expenses	156,759	(137,821)
Accounts payable	2,291	-
Unearned underwriting revenue	<u>(3,929)</u>	<u>(12,220)</u>
Net cash provided by operating activities	<u>\$ 354,923</u>	<u>\$ 146,007</u>
Noncash activities		
In-kind contributions of expenses and prepaid expenses	<u>\$ 266,623</u>	<u>\$ 269,996</u>
In-kind contributions of facilities and administrative support	<u>\$ 564,242</u>	<u>\$ 611,471</u>
Direct payment by State of Alaska of pension obligation	<u>\$ 65,947</u>	<u>\$ 54,267</u>

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Reporting entity and business activities - KUAC TV9 FM 89.9 (KUAC) is a unit of the University of Alaska Fairbanks (UAF), which is a component unit of the State of Alaska. KUAC is the licensee of one public television station and one public radio station. The financial statements present only the activities of KUAC and do not include any other activities of the University of Alaska or the State of Alaska.

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

Basis of presentation - The financial statements of KUAC have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

KUAC follows the "business-type" activities of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. KUAC also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*, effective for the fiscal year ending June 30, 2013. These Statements require the following components of KUAC's financial statements: Management's Discussion and Analysis; basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows – Direct Method; and Notes to the Financial Statements. It also requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 also requires separate reporting of deferred outflows and inflows of resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the economic resources measurement focus and accrual bases of accounting. All significant intra-organization transactions have been eliminated.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows of resources represent the consumption of net assets by KUAC in one period that is applicable to future periods. KUAC's deferred outflows of resources relate to its pension obligation.

Deferred inflows of resources represent the acquisition of net assets in one period that is applicable to future periods. KUAC's deferred inflows of resources relate to its pension obligation.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources and is required to be classified for accounting and reporting purposes into the following categories:

Unrestricted net position is the net amount of assets, net of related liabilities not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by management action or may otherwise be limited by contractual agreements with outside parties.

Restricted net position:

Expendable net position is subject to externally-imposed restrictions that may or will be met by actions of KUAC and/or that expire with the passage of time.

Non-expendable net position is subject to externally-imposed restrictions requiring that they be maintained permanently by the university.

Net investment in capital assets - Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

Operating activities - KUAC's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services. Revenues associated with, or restricted by donors to use for, capital improvements are recorded as non-operating revenues.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition - State appropriations and University funding are recorded in the statement of revenues, expenses and changes in net position as operating revenue if provided for regular operations of the stations, as resources are committed by the University.

Membership contributions are recognized as operating revenue in the period they are received. Revenue related to program underwriting for subsequent fiscal years is reflected as unearned revenues in the accompanying statement of net position. Revenue is recognized when the sponsored program is aired. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed travel, advertising, transponder rental, and indirect administrative support. Donated personal services of nonprofessional volunteers are not recorded as revenue and expense as there is no objective basis to measure the value of such services.

Public Broadcasting grants - The Corporation for Public Broadcasting is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). Each grant must be fully expended within two years of the initial grant authorization.

Indirect Administrative Support - Facilities and administrative support - UAF consists of allocated institutional support and physical plant costs incurred by the University of Alaska for which KUAC receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense as allocated in functional expense categories. For the years ended June 30, 2018 and 2017, indirect support was calculated using UAF's Other Sponsored Activities indirect cost rate negotiated with United States Department of the Navy. The approved rate was modified to exclude certain cost components that do not benefit KUAC.

Advertising costs - Advertising costs are expensed in the period in which they are incurred.

Functional allocation of expenses - The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position and in a footnote detailing functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets - Capital assets consist primarily of television and radio production, broadcasting, and transmitting equipment. The equipment is stated at acquisition cost or fair value at date of donation in the case of gifts. Depreciation is recognized on a straight-line basis, with useful lives ranging from 4 to 20 years.

Pensions - For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the pension plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's pension accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Postemployment Benefits Other Than Pensions (OPEB) - For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the defined benefit plan of the Public Employees Retirement System (PERS) and additions to/deductions from the OPEB plan's fiduciary net position have been determined by the University of Alaska on the same basis they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. KUAC has allocated its proportionate share of University of Alaska's OPEB accounts based on the proportion of its PERS-related payroll to the University's PERS-related payroll.

Income taxes - KUAC is wholly-owned by the University of Alaska and is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Restatements - Certain amounts in the June 30, 2017 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2018 financial statements.

Subsequent events - Management has evaluated subsequent events through February 7, 2019, the date the financial statements were available to be issued. See note 12.

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NOTE 3 - CASH, DUE TO UNIVERSITY OF ALASKA, AND UNDERWRITING COMMITMENT

Cash represents the equity of KUAC in the respective pooled cash resources of the University of Alaska. Disclosure information required under GASB No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), Reverse Repurchase Agreements*, is not available.

Due to University of Alaska, with balances of \$204,937 and \$94,473 at June 30, 2018 and 2017, represents funds the University has paid out for KUAC expenditures in excess of reimbursements received from KUAC funds held at University of Alaska Foundation. This does not represent a loan from University of Alaska but merely gap funding necessitated by the timing of receiving grant and other cash versus paying organization expenses.

NOTE 4 - CASH POSITION HELD AT UNIVERSITY OF ALASKA FOUNDATION

KUAC invests its contributed funds through the University of Alaska Foundation. These funds are generated mainly through sustaining gifts, annual TV and FM fundraising membership drives, and program underwriting, and are pooled for payment of both TV and FM expenditures. The University of Alaska Foundation supports KUAC and other university programs. The Foundation does not pay interest on invested balances and charges a 1% gift fee to compensate for managing the funds. KUAC is not at risk for market declines in regard to these funds.

NOTE 5 - ACCOUNTS RECEIVABLE

	2018	2017
Underwriting accounts receivable	\$ 34,686	\$ 32,568
Pledges receivable	45,248	17,317
	<u>\$ 79,934</u>	<u>\$ 49,885</u>

Management has estimated all receivables are carried at their estimated collectible value and no allowances are required.

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NOTE 6 - CAPITAL ASSETS

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Infrastructure	\$ 3,427,128	\$ 67,675	\$ -	\$ 3,494,803
Equipment	893,206	39,640	(110,057)	822,789
Total	<u>4,320,334</u>	<u>107,315</u>	<u>(110,057)</u>	<u>4,317,592</u>
Accumulated depreciation:				
Infrastructure	(2,487,946)	(126,516)	-	(2,614,462)
Equipment	(740,579)	(41,772)	110,057	(672,294)
Total	<u>(3,228,525)</u>	<u>(168,288)</u>	<u>110,057</u>	<u>(3,286,756)</u>
Capital assets, net	<u>\$ 1,091,809</u>	<u>\$ (60,973)</u>	<u>\$ -</u>	<u>\$ 1,030,836</u>
	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Infrastructure	\$ 3,306,701	\$ 120,427	\$ -	\$ 3,427,128
Equipment	947,384	69,056	(123,234)	893,206
Total	<u>4,254,085</u>	<u>189,483</u>	<u>(123,234)</u>	<u>4,320,334</u>
Accumulated depreciation:				
Infrastructure	(2,303,609)	(184,337)	-	(2,487,946)
Equipment	(826,945)	(27,754)	114,120	(740,579)
Total	<u>(3,130,554)</u>	<u>(212,091)</u>	<u>114,120</u>	<u>(3,228,525)</u>
Capital assets, net	<u>\$ 1,123,531</u>	<u>\$ (22,608)</u>	<u>\$ (9,114)</u>	<u>\$ 1,091,809</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT

Facilities and administrative support consists of allocated institutional support and physical plant costs incurred by the University of Alaska Fairbanks on behalf of KUAC. The fair value of this support is recognized in the Statement of Activities as indirect facilities and administrative support and also as expense. For the years ended June 30, 2018 and 2017, indirect support is calculated using the University's Other Sponsored Activities indirect cost rate negotiated with the United States Department of the Navy. The approved rate of 37.2% in 2018 and 2017 was modified to exclude certain cost components that do not benefit KUAC, resulting in an applied rate of 19.37% for 2018 and 2017. The total indirect expenses are allocated among expenditure categories based upon the expenditure category percentage of the total expenditures.

Contributed in-kind support represents principally in-kind support received from Alaska Public Broadcasting Corporation, primarily for use of APBC's broad band transmitters. Contributed in-kind support is recorded as revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

	2018		
	Indirect facilities and administrative support	Satellite transmitter support and other	Totals
TV:			
Programming and production	\$ 105,148	\$ -	\$ 105,148
Broadcasting	95,255	168,239	263,494
Program information	12,420	23,216	35,636
Management and general	41,095	-	41,095
Fundraising	21,465	-	21,465
Underwriting	2,839	-	2,839
Total TV	<u>278,222</u>	<u>191,455</u>	<u>469,677</u>
FM:			
Programming and production	110,334	-	110,334
Broadcasting	15,626	50,781	66,407
Program information	12,428	23,019	35,447
Management and general	66,345	-	66,345
Fundraising	55,746	1,368	57,114
Underwriting	25,541	-	25,541
Total FM	<u>286,020</u>	<u>75,168</u>	<u>361,188</u>
Total	<u>\$ 564,242</u>	<u>\$ 266,623</u>	<u>\$ 830,865</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 7 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT (continued)

	2017		
	Indirect facilities and administrative support	Satellite transmitter support and other	Totals
TV:			
Programming and production	\$ 113,835	\$ -	\$ 113,835
Broadcasting	113,709	164,515	278,224
Program information	24,318	17,396	41,714
Management and general	47,504	5,450	52,954
Fundraising	20,204	320	20,524
Underwriting	3,568	-	3,568
Total TV	<u>323,138</u>	<u>187,681</u>	<u>510,819</u>
FM:			
Programming and production	108,154	484	108,638
Broadcasting	31,653	49,743	81,396
Program information	9,646	27,377	37,023
Management and general	60,122	1,362	61,484
Fundraising	47,474	2,799	50,273
Underwriting	31,284	550	31,834
Total FM	<u>288,333</u>	<u>82,315</u>	<u>370,648</u>
Total	<u>\$ 611,471</u>	<u>\$ 269,996</u>	<u>\$ 881,467</u>

NOTE 8 - CONCENTRATIONS AND ECONOMIC DEPENDENCE

In addition to receiving the in-kind facilities and administrative support as discussed in Note 7, KUAC is dependent on its sponsoring organization, University of Alaska Fairbanks (UAF), for cash operating revenues. During the years ended June 30, 2018 and 2017, UAF provided the following cash support to KUAC, totaling 25 percent and 32 percent, respectively, of KUAC's cash operating revenues.

	2018	2017
State appropriation	\$ 792,600	\$ 964,600
Prepayment of FY 2018 expenses with carryover funding	<u>-</u>	<u>128,670</u>
	<u>\$ 792,600</u>	<u>\$ 1,093,270</u>

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NOTE 8 - CONCENTRATIONS AND ECONOMIC DEPENDENCE (continued)

For the years ended June 30, 2018 and 2017, KUAC received 33 and 32 percent, respectively, of its cash operating revenues from grants from the Corporation for Public Broadcasting.

NOTE 9 - RETIREMENT PLANS

Participation in one of the various pension plans generally depends on when an employee was originally hired by the University. Substantially all regular employees hired before July 1, 2006 participate in the State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. The state's defined contribution plan is the Public Employees' Retirement System - Defined Contribution (PERS-DC).

KUAC provides elective deferral options for employee contributions to deferred annuity plans in accordance with Internal Revenue Code sections 403(b) and 457(b), subject to eligibility criteria.

Each of the plans noted above are described in more detail in the sections that follow.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

Plan Description

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLANS (continued)

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB) (continued)

Plan Description

PERS provides pension, post-employment health care, death, and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS includes the PERS-DB and Alaska Retiree Healthcare Trust (ARHCT). Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the Retiree Health Fund (RHF).

Each fiscal year, PERS-DB issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy and Annual Pension Cost

Employee contribution rates are 6.75 percent, as required by state statute. The funding policy for PERS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The 2018 and 2017 actuarially determined rates were 25.01 percent and 26.14 percent of applicable gross pay, respectively. However, the employer contribution rate for the University was capped by the state at 22 percent for fiscal years 2018 and 2017.

The amounts contributed to PERS-DB by KUAC during the years ended June 30, 2018 and 2017 were \$158,835 and \$163,290 respectively, equal to the required employer contributions for each year.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - RETIREMENT PLANS (continued)

Pension Liabilities and Pension Expense

At June 30, 2018, KUAC reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to KUAC. The amount recognized by KUAC as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with KUAC as of June 30, 2018 and 2017 were as follows:

	2018	2017
KUAC's proportionate share of the net pension liability - PERS	\$ 1,639,000	\$ 2,103,000
State's proportionate share of the net pension liability associated with KUAC (unaudited)	611,000	265,000
Total net pension liability	<u>\$ 2,250,000</u>	<u>\$ 2,368,000</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. KUAC's proportion of the net pension liability of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net pension liability was based on a projection of the University's share of present value of future contributions to the pension plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2018 and 2017, the University's portion was 3.579% and 4.247% of the overall PERS liability. KUAC's portion was 0.88% and 0.88% of the University's portion.

For the years ended June 30, 2018 and 2017, KUAC recognized pension expense and revenue of \$49,817 and \$34,764 for support provided by the State. At June 30, 2018, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB pension plan from the following sources:

	June 30, 2018	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 29,000
Difference between projected and actual investment earnings	44,000	-
Changes in assumptions	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,000	124,000
Contributions subsequent to the measurement date	139,000	-
	<u>\$ 185,000</u>	<u>\$ 153,000</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLANS (continued)

The contributions of \$139,000 reported as deferred outflows of resources related to pensions resulting from KUAC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB will be recognized in pension expense as follows:

Years ending June 30

2019	\$ (147,000)
2020	\$ 45,000
2021	\$ 20,000
2022	\$ (25,000)

Actuarial Assumptions. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.12% per year
Salary increases	Graded by age and service, from 8.55% to 4.34%
Investment rate of return	8%, net of pension plan investment expenses, based on average inflation rate of 3.12% and a real rate of return of 4.88%

Pre-termination mortality rates were based on the 2010 to 2013 actual mortality experience, 60 percent of male and 65 percent of female post-termination mortality rates. Deaths are assumed to be occupational 50 percent of the time. Post-termination mortality were based upon 96 percent of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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NOTE 9 - RETIREMENT PLAN (continued)

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System pension plan's target asset allocation are summarized in the following table (note that the rates shown exclude the inflation component):

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	8.83%
Global equity (non-US)	7.79%
Private equity	12.02%
Intermediate Treasuries	1.29%
Opportunistic	4.76%
Real estate	4.94%
Absolute return	4.76%
Cash equivalents	0.63%

Discount Rate. The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the System Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of KUAC's proportionate share of the net pension liability to changes in the discount rate. The following presents KUAC's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what KUAC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% decrease 7%</u>	<u>Discount rate 8%</u>	<u>1% increase 9%</u>
KUAC's proportionate share of the net pension liability	<u>\$ 2,153,000</u>	<u>\$ 1,639,000</u>	<u>\$ 1,205,000</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLAN (continued)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS-DB financial report.

According to GASB Statement No. 68, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University may no longer record as a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net pension liability of \$611,000 (unaudited) as of June 30, 2018.

Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, KUAC reported a liability for its proportionate share of the net Postemployment Benefits Other Than Pensions (OPEB) liability that reflected a reduction for State OPEB support provided to KUAC. The amount recognized by KUAC as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net PERS-DB OPEB liability that was associated with KUAC as of June 30, 2018 were as follows:

	<u>2018</u>
KUAC's proportionate share of the net OPEB liability - PERS	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC (unaudited)	<u>100,000</u>
Total net pension liability	<u><u>\$ 368,000</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. KUAC's proportion of the net OPEB liability of the University was based on a proportion of KUAC's participating employee payroll compared with the University's total participating employee payroll. The University's proportion of the net OPEB liability was based on a projection of the University's share of present value of future contributions to the OPEB plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2018 and 2017, the University's portion was 3.579% and 4.247% of the overall PERS liability. KUAC's portion was 0.88% and 0.88% of the University's portion.

For the year ended June 30, 2018, KUAC recognized OPEB expense and revenue of \$16,129 for support provided by the State. At June 30, 2018, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan from the following sources:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLANS (continued)

	June 30, 2018	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 14,000
Difference between projected and actual investment earnings	-	84,000
Changes in assumptions	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	20,000
Contributions subsequent to the measurement date	39,000	-
	<u>\$ 39,000</u>	<u>\$ 118,000</u>

The contributions of \$39,000 reported as deferred outflows of resources related to PERS-DB OPEB plan resulting from KUAC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan will be recognized in OPEB expense as follows:

Years ending June 30

2019	\$ (40,000)
2020	\$ (36,000)
2021	\$ (21,000)
2022	\$ (21,000)

Actuarial Assumptions. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.12% per year
Salary increases	Graded by age and service, from 8.55% to 4.34%
Investment rate of return	8%, net of pension plan investment expenses, based on average inflation rate of 3.12% and a real rate of return of 4.88%
Healthcare cost trend rates	Pre-65 medical: 8.8% grading down to 4.4%
	Post-65 medical: 5.8% grading down to 4.0%
	Prescription drugs: 5.4% grading down to 4.0%

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - RETIREMENT PLAN (continued)

Pre-termination mortality rates were based on the 2010 to 2013 actual mortality experience, 60 percent of male and 65 percent of female post-termination mortality rates. Deaths are assumed to be occupational 50 percent of the time. Post-termination mortality were based upon 96 percent of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Long-term expected rate of return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System OPEB plan's target asset allocation are summarized in the following table (note that the rates shown exclude the inflation component):

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	8.83%
Global equity (non-US)	7.79%
Private equity	12.02%
Intermediate Treasuries	1.29%
Opportunistic	4.76%
Real estate	4.94%
Absolute return	4.76%
Cash equivalents	0.63%

Discount Rate. The discount rate used to measure the total OPEB liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLAN (continued)

Sensitivity of KUAC's proportionate share of the net OPEB liability to changes in the discount rate. The following presents KUAC's proportionate share of the net OPEB liability calculated using the discount rate of 8%, as well as what KUAC's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% decrease 7%	Discount rate 8%	1% increase 9%
KUAC's proportionate share of the net OPEB liability	\$ 573,000	\$ 268,000	\$ 11,000

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS-DB financial report.

According to GASB Statement No. 68, KUAC and the University report under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, KUAC and the University may no longer record as a special funding situation. For example, in a non-special funding situation, KUAC would be required to recognize an additional net pension liability of \$100,000 (unaudited) as of June 30, 2018.

State of Alaska Public Employees' Retirement System - Defined Contribution (PERS-DC)

Plan Description

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of each member or beneficiary.

Funding Policy and Annual Pension Cost

Employee contribution rates are 8 percent of covered payroll, and the employer effective contribution rate is 22 percent of covered payroll. For the years ended June 30, 2018 and 2017, KUAC's total covered payroll was \$181,677 and \$197,144. Employer contributions were \$39,969 and \$43,372 for the years ended June 30, 2018 and 2017, respectively, for pension and postemployment healthcare.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 9 - RETIREMENT PLAN (continued)

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). KUAC's employer contributions to these plans, and the Postemployment Benefits Other Than Pensions (OPEB) Liabilities related to these plans is not material and has not been calculated or recorded in KUAC's financial statements.

Each fiscal year, PERS-DC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

Plan Description

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants, the original ORP or ORP Tier 1 which was created for participants hired prior to July 1, 2005, ORP Tier 2 which was created for participants hired between July 1, 2005 and June 30, 2006, and ORP Tier 3 which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular, and certain administrators, made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plan, PERS-DB. For ORP Tier 3, each new eligible employee may make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC. Beginning July 1, 2015, the ORP was closed to new hired regular staff.

ORP Tier 1 and Tier 2

There were no KUAC employees participating in ORP Tier 1 or 2 during either years ended June 30, 2018 and June 30, 2017.

ORP Tier 3

The ORP Tier 3 is for eligible employees hired on or after July 1, 2006. Employee contribution rates are 8 percent and KUAC's contribution rate, through the University of Alaska, is 14 percent. Total ORP Tier 3 retirement expense was \$16,918 and \$15,508 for the years ended June 30, 2018 and June 30, 2017, respectively. KUAC contributions for ORP Tier 3 participants are 100 percent vested after three years of service. Beginning July 1, 2015, the ORP was closed to new hired

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - RETIREMENT PLAN (continued)

University of Alaska Pension Plan (Pension)

Plan Description

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006), and faculty classified as temporary, participate in the Pension plan which was established effective January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006 and electing to participate in the University of Alaska Retirement program, also participate in the Pension plan.

Funding Policy and Annual Pension Cost

Effective January 1, 2018 and 2017, employer contributions for regular employees were 7.65 percent of covered wages up to a maximum of \$42,000. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$118,500 in 2018 and 2017. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006, are 100 percent vested at all times. KUAC contributions for participants hired on or after July 1, 2006, are 100 percent vested after 3 years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan. Total pension expense was \$53,250 and \$51,480 for the years ended June 30, 2018 and June 30, 2017, respectively.

NOTE 10 - NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 10 - NONFEDERAL FINANCIAL SUPPORT (NFFS) (continued)

However, to eliminate distortions in the TV Community Service Grant (CSG) grant program precipitated by large infusions of new capital investments in Digital Television (DTV), all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities, regardless of source or form of the contribution, are not included in calculating NFFS. This change excludes all revenues received for any TV capital purchases.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Revenue reported for NFFS in relation to net pension liability is limited only to actual contributions to the plan, reported as "State of Alaska on-behalf contributions - pension." It does not include changes in net pension liability.

The operations of KUAC are accounted for using the following funds for CPB purposes:

Television Fund - This fund includes the revenues and expenses of KUAC TV9, the television transmission operations through Alaska One.

Radio Fund - This fund includes the revenues and expenses of KUAC FM 89.9.

Reported NFFS for KUAC were \$1,481,144 and \$1,512,711 for KUAC TV9, and \$1,409,850 and \$1,631,065 for KUAC FM 89.9 for the years ended June 30, 2018 and 2017, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 11 - RESTATEMENT OF NET POSITION

In fiscal year 2018, KUAC implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation, the beginning net position as of July 1, 2017 was restated, resulting in a decrease of \$369,000 to recognize the fiscal year 2017 net OPEB liability. This OPEB liability represents KUAC's proportionate share of the net OPEB liability of State of Alaska PERS defined benefit plan. The pension plan's net OPEB liability is measured as the plan's total pension liability, net of the OPEB plan's fiduciary net position.

It is not practical for the PERS plans to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of the beginning of the plan year. As a result, the prior year has not been restated for deferred inflows of resources, deferred outflows of resources, net OPEB liability and expense. Since the restatement of the prior year presented is not practical, the cumulative effect of applying this Statement is reported as a restatement of beginning net position as of June 30, 2017.

	<u>Previous reported June 30, 2017</u>	<u>Restated June 30, 2017</u>	<u>Cumulative Effect of Change</u>
Net position	\$ 1,525,443	\$ 1,156,443	\$ (369,000)

NOTE 12 - SUBSEQUENT EVENTS

During the year ended June 30, 2019, KUAC contracted for two major equipment replacements: The TV master control is being replaced at a cost of approximately \$475,000. The FM transmitter is being replaced at a cost of \$325,000. These asset purchases are funded with a loan from University of Alaska Fairbanks in the amount of \$800,000. The loan is to be repaid at \$160,000 per year for five years, beginning in FY21 and ending in FY25.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 13 - FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

	Compensation & Benefits	Contractual Services	Supplies & Materials	Travel & Other	In-kind Facilities Support	In-kind Administrative Support	Total	Depreciation
2018								
Program services								
Programming								
and production	\$ 551,327	\$ 487,629	\$ 17,443	\$ 5,132	\$ 110,865	\$ 95,028	\$ 1,267,424	\$ -
Broadcasting	230,344	378,550	68,157	5,718	277,602	73,680	1,034,051	168,288
Program information	181,789	619	-	-	19,019	62,537	263,964	-
Total program services	963,460	866,798	85,600	10,850	407,486	231,245	2,565,439	168,288
Supporting services								
Management								
and general	344,254	59,235	5,194	32,615	45,880	39,326	526,504	-
Fundraising	288,638	59,458	7,922	42,427	41,558	36,989	476,992	-
Underwriting	146,516	-	-	-	15,282	13,098	174,896	-
Total supporting services	779,408	118,693	13,116	75,042	102,720	89,413	1,178,392	-
Total 2018	<u>\$ 1,742,868</u>	<u>\$ 985,491</u>	<u>\$ 98,716</u>	<u>\$ 85,892</u>	<u>\$ 510,206</u>	<u>\$ 320,658</u>	<u>\$ 3,743,831</u>	<u>\$ 168,288</u>
2017								
Program services								
Programming								
and production	\$ 556,737	\$ 663,157	\$ 2,580	\$ 11,544	\$ 128,708	\$ 110,804	\$ 1,473,530	\$ -
Broadcasting	275,840	399,535	53,785	7,901	283,428	73,599	1,094,088	212,091
Program information	173,014	-	2,253	-	18,288	60,448	254,003	-
Total program services	1,005,591	1,062,692	58,618	19,445	430,424	244,851	2,821,621	212,091
Supporting services								
Management								
and general	415,744	76,420	6,658	10,121	47,576	47,592	604,111	-
Fundraising	208,511	73,582	9,168	30,321	39,040	36,582	397,204	-
Underwriting	176,629	1,210	87	1,998	18,766	16,636	215,326	-
Total supporting services	800,884	151,212	15,913	42,440	105,382	100,810	1,216,641	-
Total 2017	<u>\$ 1,806,475</u>	<u>\$ 1,213,904</u>	<u>\$ 74,531</u>	<u>\$ 61,885</u>	<u>\$ 535,806</u>	<u>\$ 345,661</u>	<u>\$ 4,038,262</u>	<u>\$ 212,091</u>

SUPPLEMENTARY INFORMATION

KUAC TV9 FM 89.9
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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 877,355	\$ 677,015	\$ 200,340
Other	171,056	171,056	-
Alaska Public Broadcasting Commission	159,413	78,300	81,113
State appropriations and University funding	792,600	362,455	430,145
Contributions	853,302	518,844	334,458
Other operating revenues	33,011	7,064	25,947
Underwriting revenue	256,080	52,273	203,807
Facilities and administrative support from University of Alaska	564,242	278,222	286,020
In-kind contributions, services and other	266,623	191,455	75,168
	<u>3,973,682</u>	<u>2,336,684</u>	<u>1,636,998</u>
Operating expenses			
Program services			
Programming and production	1,267,424	593,148	674,276
Broadcasting	1,034,051	812,758	221,293
Program information	263,964	164,290	99,674
Supporting services			
Management and general	526,504	186,056	340,448
Fundraising	476,992	132,282	344,710
Underwriting	174,896	17,498	157,398
Depreciation	168,288	152,522	15,766
	<u>3,912,119</u>	<u>2,058,554</u>	<u>1,853,565</u>
Total operating expenses			
	<u>3,912,119</u>	<u>2,058,554</u>	<u>1,853,565</u>
Operating profit (loss)	<u>61,563</u>	<u>278,130</u>	<u>(216,567)</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contributions - pension	65,947	24,400	41,547
Loss on disposal of capital assets	-	-	-
	<u>65,947</u>	<u>24,400</u>	<u>41,547</u>
Total non-operating revenues (expenses)			
	<u>65,947</u>	<u>24,400</u>	<u>41,547</u>
Change in net position before other revenues, expenses, gains or losses	127,510	302,530	(175,020)
Pension expense - net pension, OPEB, and state on-behalf payment	97,053	35,910	61,143
	<u>224,563</u>	<u>338,440</u>	<u>(113,877)</u>
Change in net position			
	<u>224,563</u>	<u>338,440</u>	<u>(113,877)</u>
Net position			
Beginning of year (restated)	1,156,443	427,884	728,559
End of year	<u>\$ 1,381,006</u>	<u>\$ 766,324</u>	<u>\$ 614,682</u>

See independent auditor's report.

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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2017

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 941,735	\$ 696,621	\$ 245,114
Other	170,242	170,242	-
Alaska Public Broadcasting Commission	160,361	78,300	82,061
State appropriations and University funding	1,093,270	373,006	720,264
Contributions	793,408	510,489	282,919
Other operating revenues	16,627	10,265	6,362
Underwriting revenue	254,492	51,810	202,682
Facilities and administrative support from University of Alaska	611,471	310,398	301,073
In-kind contributions, services and other	269,996	187,681	82,315
	<u>4,311,602</u>	<u>2,388,812</u>	<u>1,922,790</u>
Operating expenses			
Program services			
Programming and production	1,473,530	701,686	771,844
Broadcasting	1,094,088	830,035	264,053
Program information	254,003	167,254	86,749
Supporting services			
Management and general	604,111	239,059	365,052
Fundraising	397,204	140,532	256,672
Underwriting	215,326	21,984	193,342
Depreciation	212,091	194,913	17,178
	<u>4,250,353</u>	<u>2,295,463</u>	<u>1,954,890</u>
	<u>61,249</u>	<u>93,349</u>	<u>(32,100)</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contributions - pension	54,267	20,079	34,188
Loss on disposal of capital assets	(1,294)	(1,294)	-
	<u>52,973</u>	<u>18,785</u>	<u>34,188</u>
Change in net position before other revenues, expenses, gains or losses	114,222	112,134	2,088
Pension expense - net pension, OPEB, and state on-behalf payment	(226,267)	(83,719)	(142,548)
Change in net position	(112,045)	28,415	(140,460)
Net position			
Beginning of year	1,637,488	605,871	1,031,617
End of year	<u>\$ 1,525,443</u>	<u>\$ 634,286</u>	<u>\$ 891,157</u>

See independent auditor's report.

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2018

	Total per Financial Statements	Nonmonetary transactions	Monetary
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 877,355	\$ -	\$ 877,355
Other	171,056	-	171,056
Alaska Public Broadcasting Commission	159,413	-	159,413
State appropriations and University funding	792,600	-	792,600
Contributions	853,302	-	853,302
Other operating revenues	33,011	-	33,011
Underwriting revenue	256,080	-	256,080
Facilities and administrative support from University of Alaska	564,242	564,242	-
In-kind contributions, services and other	266,623	266,623	-
	<u>3,973,682</u>	<u>830,865</u>	<u>3,142,817</u>
Total operating revenues			
	<u>3,973,682</u>	<u>830,865</u>	<u>3,142,817</u>
Operating expenses			
Program services			
Local programming and production	1,267,424	215,482	1,051,942
Broadcasting	1,034,051	329,901	704,150
Program information	263,964	71,083	192,881
Supporting services			
Management and general	526,504	107,440	419,064
Fundraising	476,992	78,579	398,413
Underwriting	174,896	28,380	146,516
Depreciation	168,288	-	168,288
	<u>3,912,119</u>	<u>830,865</u>	<u>3,081,254</u>
Total operating expenses			
	<u>3,912,119</u>	<u>830,865</u>	<u>3,081,254</u>
Operating profit (loss)	<u>61,563</u>	<u>-</u>	<u>61,563</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contribution - pension	65,947	65,947	-
Loss on disposal of capital assets	-	-	-
	<u>65,947</u>	<u>65,947</u>	<u>-</u>
Total non-operating revenues (expenses)			
	<u>65,947</u>	<u>65,947</u>	<u>-</u>
Change in net position before other revenues, expenses, gains or losses	127,510	65,947	61,563
Pension expense - net pension and OPEB obligations	97,053	(65,947)	163,000
	<u>224,563</u>	<u>-</u>	<u>224,563</u>
Change in net position			
	<u>224,563</u>	<u>-</u>	<u>224,563</u>
Net position			
Beginning of year (restated)	1,156,443	-	1,156,443
	<u>1,156,443</u>	<u>-</u>	<u>1,156,443</u>
End of year	<u>\$ 1,381,006</u>	<u>\$ -</u>	<u>\$ 1,381,006</u>

See independent auditor's report.

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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2017

	Total per Financial Statements	Nonmonetary transactions	Monetary
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 941,735	\$ -	\$ 941,735
Other	170,242	-	170,242
Alaska Public Broadcasting Commission	160,361	-	160,361
State appropriations and University funding	1,093,270	-	1,093,270
Contributions	793,408	-	793,408
Other operating revenues	16,627	-	16,627
Underwriting revenue	254,492	-	254,492
Facilities and administrative support from University of Alaska	611,471	611,471	-
In-kind contributions, services and other	269,996	269,996	-
	<u>4,311,602</u>	<u>881,467</u>	<u>3,430,135</u>
Total operating revenues			
Operating expenses			
Program services			
Local programming and production	1,473,530	222,473	1,251,057
Broadcasting	1,094,088	359,620	734,468
Program information	254,003	78,737	175,266
Supporting services			
Management and general	604,111	114,438	489,673
Fundraising	397,204	70,797	326,407
Underwriting	215,326	35,402	179,924
Depreciation	212,091	-	212,091
	<u>4,250,353</u>	<u>881,467</u>	<u>3,368,886</u>
Total operating expenses			
Operating profit (loss)	<u>61,249</u>	<u>-</u>	<u>61,249</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contribution - pension	54,267	54,267	-
Loss on disposal of capital assets	(1,294)	-	(1,294)
	<u>52,973</u>	<u>54,267</u>	<u>(1,294)</u>
Total non-operating revenues (expenses)			
Change in net position before other revenues, expenses, gains or losses	114,222	54,267	59,955
Pension expense - net pension and OPEB obligations	(226,267)	(54,267)	(172,000)
Change in net position	(112,045)	-	(112,045)
Net position			
Beginning of year	1,637,488	-	1,637,488
End of year	<u>\$ 1,525,443</u>	<u>\$ -</u>	<u>\$ 1,525,443</u>

See independent auditor's report.

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Schedule of KUAC's Proportionate Share of the Net Pension Liability
PERS-DB Plan

Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KUAC's proportion of net pension liability	0.0317%	0.0376%	0.0366%	0.0293%
KUAC's proportionate share of net pension liability	\$ 1,639,000	\$ 2,103,000	\$ 1,758,000	\$ 1,347,000
State's proportionate share of the net pension liability associated with KUAC	<u>611,000</u>	<u>265,000</u>	<u>475,000</u>	<u>967,000</u>
Total	<u><u>\$ 2,250,000</u></u>	<u><u>\$ 2,368,000</u></u>	<u><u>\$ 2,233,000</u></u>	<u><u>\$ 2,314,000</u></u>
KUAC's covered employee payroll	699,250	745,924	793,483	837,643
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	234.4%	282.0%	221.6%	160.8%
Plan fiduciary net position as a percentage of the total pension liability	63.4%	59.6%	64.0%	62.4%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2017, 2016, 2015 and 2014.

See independent auditor's report.

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Schedule of KUAC's Contribution to PERS-DB Pension Plan

Last 10 Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contributions in relation to the statutorily required contribution	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 699,250	\$ 745,924	\$ 793,483	\$ 837,643
Contribution as a percentage of covered KUAC payroll	19.9%	17.9%	13.3%	12.5%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2017, 2016, 2015 and 2014.

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Schedule of KUAC's Proportionate Share of the Net OPEB Liability
PERS-DB OPEB Plan

Last 10 Fiscal Years *

	<u>2018</u>
KUAC's proportion of net OPEB liability	0.0317%
KUAC's proportionate share of net OPEB liability	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC	<u>100,000</u>
Total	<u><u>\$ 368,000</u></u>
KUAC's covered employee payroll	699,250
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	38.3%
Plan fiduciary net position as a percentage of the total pension liability	89.7%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, KUAC will present information for those years for which information is available.

Data reported is measured as of July 1, 2017