

KUAC TV9 FM 89.9

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

JUNE 30, 2019 AND 2018

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, 2019 and June 30, 2018, with selected comparative information for the year ended June 30, 2017. 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, 2019, 2018 and 2017 follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current assets	\$ 2,890,051	\$ 2,548,673	\$ 2,317,311
Capital assets, net of depreciation	<u>1,597,001</u>	<u>1,030,836</u>	<u>1,091,809</u>
Total assets	<u>4,487,052</u>	<u>3,579,509</u>	<u>3,409,120</u>
Deferred outflows related to pension	<u>362,000</u>	<u>224,000</u>	<u>440,000</u>
Liabilities:			
Current liabilities	319,660	243,503	134,677
Noncurrent liabilities	<u>2,842,000</u>	<u>1,907,000</u>	<u>2,535,000</u>
Total liabilities	<u>3,161,660</u>	<u>2,150,503</u>	<u>2,669,677</u>
Deferred inflows related to pension	<u>162,000</u>	<u>272,000</u>	<u>23,000</u>
Net position:			
Invested in capital assets	1,493,425	1,030,836	1,091,809
Unrestricted	<u>31,967</u>	<u>350,170</u>	<u>433,634</u>
Total net position	<u>\$ 1,525,392.00</u>	<u>\$ 1,381,006.00</u>	<u>\$ 1,525,443.00</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The most notable changes in the statement of net position as of June 30, 2019, relates to the purchase of \$725,296 in capital assets as KUAC replaced digital automation radio and television transmission equipment. These equipment purchases were funded by a loan from the University of Alaska in the amount of \$800,000, which is included in the noncurrent liabilities.

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 \$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. For the year ended June 30, 2019, the charge in net pension liability and net OPEB liability and related deferred inflows and outflows resulted in an increase of net position of \$113,000. 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.

Deposits and investments totaled \$2,716,319 at June 30, 2019, as compared to \$2,383,671 at June 30, 2018. 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 and the \$800,000 note payable to the University of Alaska Fairbanks as of June 30, 2019.

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, 2019, 2018 and 2017 follows:

	2019	2018	2017
Operating revenues	\$ 4,032,601	\$ 3,973,682	\$ 4,311,602
Operating expenses	4,001,215	3,912,119	4,250,353
Operating profit	31,386	61,563	61,249
Net non-operating revenues	38,778	65,947	52,973
Increase in net position, before other expenses	70,164	127,510	114,222
Pension expense - net pension and OPEB	74,222	97,053	(226,267)
Increase (decrease) in net position	144,386	224,563	(112,045)
Net position at beginning of year	1,381,006	1,525,443	1,637,488
Cum effect of change in accounting principle		(369,000)	-
Net position at end of year	\$ 1,525,392	\$ 1,381,006	\$ 1,525,443

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Statement of Revenues, Expenses and Changes in Net Position reflects an overall increase in net position of \$144,386 or 9.5 percent for the year ended June 30, 2019. Of this, \$113,000 related to an overall decrease in net pension and OPEB liabilities and related deferred inflows and outflows for the year ended June 30, 2019. Major changes in revenues and expenses in 2019 are described below.

As a department of the University of Alaska Fairbanks, KUAC continues to experience the uncertainty of yearly 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 and FY 2019, KUAC had reductions of \$300,670 and \$20,900 in university funding.

In FY 2019, KUAC had an increase of \$7,432 in Corporation for Public Broadcasting (CPB) grants, due to the increase 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 and in our NPR and PBS costs.

In FY 2019, KUAC had a decrease of \$3,531 in our Alaska Public Broadcasting Commission (APBC) grants, that reflects the State of Alaska's continued decline of support to public broadcasting.

In FY 2019, we had a small decrease of \$1,029 in underwriting revenue or 0.4 percent, from \$256,080 in FY 2018. 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 \$57,621, or 21.6 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 require 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 \$113,000 in FY 2019, \$163,000 in FY 2018, and to increase pension expense and decrease change in net position by \$172,000 in FY 2017.

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 every expenditure.

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)

	FY 2019		Operating Expenses* Natural Classification FY 2018		FY 2017	
	Compensation and benefits	\$ 1,741,360	497.2%	\$ 1,742,868	543.5%	\$ 1,806,475
Contractual services	975,667	278.6%	985,491	307.3%	1,213,904	351.2%
Supplies & materials	130,122	37.2%	98,716	30.8%	74,531	21.6%
Travel & other	99,856	28.5%	85,892	26.8%	61,885	17.9%
In-kind facilities	544,862	155.6%	510,206	159.1%	535,806	155.0%
In-kind administration	350,217	100.0%	320,658	100.0%	345,661	100.0%
Depreciation	159,131	45.4%	168,288	52.5%	212,091	61.4%
	\$ 4,001,215	1142.5%	\$ 3,912,119	1220.0%	\$ 4,250,353	1229.6%

* 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 2019, KUAC had an increase of \$89,096 in expenditures (including depreciation) compared to FY 2018. The increase is attributed primarily to in-kind contributions of \$57,621.

Other Economic and Financial Conditions

During 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. Through June 30, 2019, \$670,000 of these assets have been purchased, including \$103,576 recorded in accounts payable at June 30, 2019. Additional purchases totaling \$138,000 are encumbered at June 30, 2019. These purchases were funded with an \$800,000 loan from the University of Alaska Fairbanks (UAF). The loan bears no interest and is to be repaid at \$160,000 per year, each year, from FY 2021 through FY 2025.

In the beginning of FY 2020, the State of Alaska ceased funding for all public broadcasting outside Juneau, the State capital. As a result, KUAC received no FY 2020 Alaska Public Broadcasting Commission grant funding, a reduction of \$155,882 from FY 2019. KUAC anticipated this cut and began executing a cost reduction plan that included not hiring a replacement for one of our TV producers, laying off one of our news reporters and a TV Master Control Technician, reducing TV and FM programming, terminating HD radio channels and shutting down three of our nine TV channels.

In the beginning of FY 2020, the State of Alaska negotiated a budget agreement with the University of Alaska to reduce State funding by \$25M in FY 2020, \$25M in FY 2021 and \$20M in FY 2022. As a result, KUAC's FY 2020 University funding was reduced by \$543,000. While the University is only funding KUAC at \$28,700 for FY 2020, UAF will continue to fund the State-owned transponder costs of \$200,000 per year to ensure public broadcasting, including KUAC, is provided to the remote villages across Alaska. UAF will also provide indirect facilities and administrative support for KUAC operations on the UAF campus. In FY 2020, UAF also agreed to forgive the \$800,000 FM and TV infrastructure loan.

The magnitude of the FY 2020 funding reduction to public broadcasting and the University was unprecedented and unexpected. It is unknown if the State of Alaska will restore funding, even at reduced levels, in the next few years. As such, KUAC is developing courses of action to ensure continued operations in this severely constrained fiscal environment. Actions under consideration include increasing revenue generation by expanding efforts for donor support, underwriting, local

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FM content production, and partnerships with the University's Athletic and other Departments. KUAC will also tightly control expenses and make difficult survival decisions that could possibly include additional personnel layoffs, TV and FM program reductions, and TV channel terminations.

In spite of the economic challenges, KUAC's donor contributions remain exceptionally strong--reflecting the consistent level of KUAC community engagement and support. KUAC's sustaining (monthly) donor program has grown to more than 800 donors yielding more than a quarter million dollars annually. KUAC's Art Buswell Society (major giving recognition program) continues to grow and now includes 166 households. The KUAC Kid's Club now boasts nearly 300 members. These programs, as well as other annual and one-time gifts, make up the over 2,500 gifts of support received by KUAC annually.

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.

RJG A Professional Corporation

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019 and 2018, 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 opinions 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, 2019 and 2018, 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, 2019 and 2018, 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.

Other Matter

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-5 and the schedule of proportionate share of net pension and OPEB liability and employer contributions on pages 37-40 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

December 19, 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, 2019 AND 2018

	2019	2018
Assets		
Current assets		
Cash (note 3)	\$ 806,233	\$ 438,388
Cash position held at University of Alaska Foundation (note 4)	1,910,086	1,945,283
Accounts receivable (note 5)	115,595	79,934
Prepaid expenses	58,137	85,068
Total current assets	2,890,051	2,548,673
Capital assets, net of accumulated depreciation (note 6)	1,597,001	1,030,836
Total assets	4,487,052	3,579,509
Deferred outflows related to pension and OPEB (note 9)	362,000	224,000
Liabilities		
Current liabilities		
Accounts payable	121,576	20,291
Due to University of Alaska (note 3)	158,244	204,937
Unearned underwriting revenue	39,840	18,275
Total current liabilities	319,660	243,503
Noncurrent liabilities		
Note payable to University of Alaska (note 3)	800,000	-
Net pension and OPEB liability (note 9)	2,042,000	1,907,000
Total liabilities	3,161,660	2,150,503
Deferred inflows related to pension and OPEB (note 9)	162,000	272,000
Net position		
Net investment in capital assets	1,493,425	1,030,836
Unrestricted	31,967	350,170
Total net position	\$ 1,525,392	\$ 1,381,006

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, 2019 AND 2018

	2019	2018
Operating revenues		
Corporation for Public Broadcasting		
Community service grants	\$ 880,086	\$ 877,355
Other	175,757	171,056
Alaska Public Broadcasting Commission	155,882	159,413
State appropriations and University funding - operating	771,700	792,600
Contributions and unrestricted gifts	836,844	853,302
Other operating revenues	41,202	14,456
Underwriting revenues	276,051	274,635
Facilities and administrative support - UAF (note 7)	570,835	564,242
In-kind contributions (note 7)	324,244	266,623
	4,032,601	3,973,682
Total operating revenues		
Operating expenses		
Program services		
Programming and production	1,221,629	1,267,424
Broadcasting	1,038,155	1,034,051
Program information	267,308	263,964
Supporting services		
Management and general	553,223	526,504
Fundraising	546,990	476,992
Underwriting	214,779	174,896
Depreciation	159,131	168,288
	4,001,215	3,912,119
Total operating expenses		
Operating profit	31,386	61,563
Non-operating revenues (expenses)		
State of Alaska on-behalf contributions - pension	38,778	65,947
Total non-operating revenues (expenses)	38,778	65,947
Change in net position before other revenues, expenses, gains or losses	70,164	127,510
Change in net pension and OPEB liability	113,000	163,000
Pension expense - noncash net pension expense (note 9)	(38,778)	(65,947)
Change in net position	144,386	224,563
Net position		
Beginning of year	1,381,006	1,525,443
Cumulative effect of change in accounting principle (note 11)	-	(369,000)
End of year	\$ 1,525,392	\$ 1,381,006

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, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Cash received from operating grants	\$ 1,211,725	\$ 1,207,824
Cash received from state appropriations	771,700	792,600
Cash received from contributions	809,140	825,371
Cash received from underwriting contracts	289,659	250,033
Other operating revenues received	41,202	33,011
Cash paid to employees and suppliers	(2,922,365)	(2,753,916)
Net cash provided by operating activities	201,061	354,923
Cash flows from non-capital financing activities		
Net advances from (repayments to) University of Alaska	(46,693)	110,464
Net cash provided by (used in) non-capital financing activities	(46,693)	110,464
Cash flows from capital and related financing activities		
Loan from University of Alaska	800,000	-
Purchase of infrastructure and equipment	(621,720)	(107,315)
Net cash (used in) capital and related financing activities	178,280	(107,315)
Cash flows from investing activities		
(Increase) decrease in cash position held at University of Alaska Foundation	35,197	1,546
Net cash provided by (used in) investing activities	35,197	1,546
Net increase (decrease) in cash and cash equivalents	367,845	359,618
Cash and cash equivalents		
Beginning of year	438,388	78,770
End of year	\$ 806,233	\$ 438,388

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, 2019 AND 2018

Reconciliation of operating profit to net cash provided by operating activities

	2019	2018
Operating profit	\$ 31,386	\$ 61,563
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation expense	159,131	168,288
Changes in assets and liabilities:		
Underwriting receivable	(7,957)	(2,118)
Contributions receivable	(27,704)	(27,931)
Prepaid expenses	26,931	156,759
Accounts payable	(2,291)	2,291
Unearned underwriting revenue	21,565	(3,929)
	<u>\$ 201,061</u>	<u>\$ 354,923</u>
 Noncash activities		
In-kind contributions of expenses and prepaid expenses	<u>\$ 324,244</u>	<u>\$ 266,623</u>
In-kind contributions of facilities and administrative support	<u>\$ 570,835</u>	<u>\$ 564,242</u>
Direct payment by State of Alaska of pension obligation	<u>\$ 38,778</u>	<u>\$ 65,947</u>
Purchase of equipment with accounts payable	<u>\$ 103,576</u>	<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)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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. The financial statements also include the assets, revenue, expenses, and net assets of KUAC Friends Group, Inc. (Friends Group). Friends Group is a legally separate, nonprofit component unit of KUAC. The Friends Group was established to solicit donations and to hold and manage such assets for the exclusive benefit of KUAC.

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, 2019 AND 2018

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, 2019 AND 2018

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 pledged. 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, 2019 and 2018, 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.

Subsequent events - Management has evaluated subsequent events through December 19, 2019, the date the financial statements were available to be issued. See note 12.

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NOTE 3 - CASH AND DUE TO UNIVERSITY OF ALASKA

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. Cash also includes funds held in KUAC Friends Group, Inc.'s bank account, totaling \$122,477 and \$13,107 at June 30, 2019 and 2018, respectively.

Due to University of Alaska, with balances of \$158,244 and \$204,937 at June 30, 2019 and 2018, 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.

During the year ended June 30, 2019, University of Alaska loaned KUAC \$800,000 as a capital loan to allow procurement and installation of infrastructure and equipment upgrades for KUAC's TV and FM radio programming. The loan bears no interest and is to be repaid at \$160,000 per year each year from FY 2021 through FY 2025. See note 12 regarding subsequent forgiveness of this loan.

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 5% 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

	2019	2018
Underwriting accounts receivable	\$ 42,643	\$ 34,686
Pledges receivable	72,952	45,248
	\$ 115,595	\$ 79,934

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 6 - CAPITAL ASSETS

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>
Infrastructure	\$ 3,494,803	\$ 513,081	\$ (391,453)	\$ 3,616,431
Equipment	<u>822,789</u>	<u>212,215</u>	<u>(62,188)</u>	<u>972,816</u>
Total	<u>4,317,592</u>	<u>725,296</u>	<u>(453,641)</u>	<u>4,589,247</u>
Accumulated depreciation:				
Infrastructure	(2,614,462)	(121,201)	391,453	(2,344,210)
Equipment	<u>(672,294)</u>	<u>(37,930)</u>	<u>62,188</u>	<u>(648,036)</u>
Total	<u>(3,286,756)</u>	<u>(159,131)</u>	<u>453,641</u>	<u>(2,992,246)</u>
Capital assets, net	<u>\$ 1,030,836</u>	<u>\$ 566,165</u>	<u>\$ -</u>	<u>\$ 1,597,001</u>
	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>
Infrastructure	\$ 3,427,128	\$ 67,675	\$ -	\$ 3,494,803
Equipment	<u>893,206</u>	<u>39,640</u>	<u>(110,057)</u>	<u>822,789</u>
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	<u>(740,579)</u>	<u>(41,772)</u>	<u>110,057</u>	<u>(672,294)</u>
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>

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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 Revenues, Expenses, and Changes in Net Position as indirect facilities and administrative support and also as expense. For the years ended June 30, 2019 and 2018, 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 2019 and 2018 was modified to exclude certain cost components that do not benefit KUAC, resulting in an applied rate of 19.37% for 2019 and 2018. 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.

	2019		
	Indirect facilities and administrative support	Satellite transmitter support and other	Totals
TV:			
Programming and production	\$ 87,731	\$ -	\$ 87,731
Broadcasting	92,877	167,902	260,779
Program information	27,893	38,391	66,284
Management and general	38,458	-	38,458
Fundraising	28,029	-	28,029
Underwriting	3,484	-	3,484
Total TV	<u>278,472</u>	<u>206,293</u>	<u>484,765</u>
FM:			
Programming and production	110,501	-	110,501
Broadcasting	30,679	82,223	112,902
Program information	8,441	20,242	28,683
Management and general	51,312	-	51,312
Fundraising	60,062	15,486	75,548
Underwriting	31,368	-	31,368
Total FM	<u>292,363</u>	<u>117,951</u>	<u>410,314</u>
Total	<u>\$ 570,835</u>	<u>\$ 324,244</u>	<u>\$ 895,079</u>

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JUNE 30, 2019 AND 2018

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

	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>

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, 2019 and 2018, UAF provided the following cash support to KUAC, totaling 25 percent and 25 percent, respectively, of KUAC's cash operating revenues.

	<u>2019</u>	<u>2018</u>
State appropriation	<u>\$ 771,700</u>	<u>\$ 792,600</u>

Due to severe budget cuts to University of Alaska from the State of Alaska, KUAC's state appropriation for FY 2020 has been cut to \$228,700, a decline of \$543,000 compared with FY 2019.

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NOTE 8 - CONCENTRATIONS AND ECONOMIC DEPENDENCE (continued)

For the years ended June 30, 2019 and 2018, KUAC received 34 and 33 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. However, certain staff hired July 1, 2015 and later are not eligible for the ORP. 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, 2019 AND 2018

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. 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 2019 and 2018 actuarially determined rates were 27.58 percent and 25.01 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 2019 and 2018.

The amounts contributed to PERS-DB by KUAC during the years ended June 30, 2019 and 2018 were \$152,983 and \$158,835, respectively, equal to the required employer contributions for each year. These contributions cover pension and postemployment healthcare, at the statutorily required minimum each year of 22 percent of KUAC's PERS covered payroll.

The amount of on-behalf nonemployer contribution from the State of Alaska for pension and postemployment healthcare benefits for PERS-DB for the years ended June 30, 2019 and 2018 are \$38,778 and \$65,947.

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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, 2019, 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 were as follows:

	2019	2018
KUAC's proportionate share of the net pension liability - PERS	\$ 1,693,000	\$ 1,639,000
State's proportionate share of the net pension liability associated with KUAC (unaudited)	490,000	611,000
Total net pension liability	\$ 2,183,000	\$ 2,250,000

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2019 and 2018, the University's portion was 3.945% and 3.579% of the overall PERS liability. KUAC's portion was 0.86% and 0.88% of the University's portion.

For the years ended June 30, 2019 and 2018, KUAC recognized pension expense and revenue of \$24,539 and \$49,817 for support provided by the State of Alaska. At June 30, 2019, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB pension plan from the following sources:

	June 30, 2019	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 39,000
Difference between projected and actual investment earnings	37,000	-
Changes in assumptions	-	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	83,000	-
Contributions subsequent to the measurement date	112,000	-
	\$ 232,000	\$ 39,000

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NOTES TO FINANCIAL STATEMENTS

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NOTE 9 - RETIREMENT PLANS (continued)

The contributions of \$112,000 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 ending June 30, 2020. 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

2020	\$	20,000
2021	\$	29,000
2022	\$	32,000

Actuarial Assumptions. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 7.91% 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, 2017 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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NOTES TO FINANCIAL STATEMENTS

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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 the target 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	8.90%
Global equity (non-US)	7.85%
Fixed income	1.25%
Opportunistic	4.76%
Real assets	6.20%
Absolute return	4.76%
Private equity	12.08%
Cash equivalents	0.66%

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:

	1% decrease 7%	Discount rate 8%	1% increase 9%
KUAC's proportionate share of the net pension liability	\$ 2,241,000	\$ 1,693,000	\$ 1,228,000

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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 \$490,000 (unaudited) as of June 30, 2019.

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, 2019, 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:

	2019	2018
KUAC's proportionate share of the net OPEB liability	\$ 349,000	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC (unaudited)	101,000	100,000
Total net pension liability	\$ 450,000	\$ 368,000

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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, 2019 and 2018, the University's portion was 3.579% and 4.247% of the overall PERS liability. KUAC's portion was 0.86% and 0.88% of the University's portion.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 9 - RETIREMENT PLANS (continued)

For the year ended June 30, 2019 and 2018, KUAC recognized OPEB expense and revenue of \$14,239 and \$16,129 for support provided by the State. At June 30, 2019, KUAC reported deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan from the following sources:

	June 30, 2019	
	Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 37,000
Difference between projected and actual investment earnings	-	74,000
Changes in assumptions	53,000	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	36,000	9,000
Contributions subsequent to the measurement date	41,000	-
	\$ 130,000	\$ 120,000

The contributions of \$41,000 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

2020	\$ (5,000)
2021	\$ (24,000)
2022	\$ (2,000)

Actuarial Assumptions. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 7.91% 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: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0%

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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, 2017 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 the target 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	8.90%
Global equity (non-US)	7.85%
Fixed income	1.25%
Opportunistic	4.76%
Real estate	6.20%
Absolute return	4.76%
Private equity	12.08%
Cash equivalents	0.66%

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, 2019 AND 2018

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	\$ 708,000	\$ 349,000	\$ 49,000

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

According to GASB Statement No. 75, 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 would 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 OPEB liability of \$101,000 (unaudited) as of June 30, 2019.

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, 2019 and 2018, KUAC's total covered payroll was \$200,959 and \$181,677. Employer contributions were \$44,211 and \$39,969 for the years ended June 30, 2019 and 2018, respectively, for pension and postemployment healthcare.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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 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, 2019 and 2018, 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 \$132,900 and \$128,400 in 2019 and 2018, respectively. 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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.

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 \$1,410,679 and \$1,481,144 for KUAC TV9, and \$1,466,816 and \$1,409,850 for KUAC FM 89.9 for the years ended June 30, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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.

	Previous reported June 30, 2017	Restated June 30, 2017	Cumulative Effect of Change
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. Through June 30, 2019, \$670,000 of these assets have been purchased, including \$103,576 recorded in accounts payable at June 30, 2019. Additional purchases totaling \$138,000 are encumbered at June 30, 2019.

These asset purchases were 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 (see Note 3). As a result of a severe budget cut to KUAC's University appropriation for FY20, as discussed in Note 8, UAF agreed to forgive this loan in FY20.

For FY20, the State of Alaska has eliminated funding for the Alaska Public Broadcasting Commission. As a result, KUAC will receive no grant funding from APBC for FY20. This grant totaled \$155,882 for FY19.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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
2019								
Program services								
Programming								
and production	\$ 510,741	\$ 468,971	\$ 31,743	\$ 11,942	\$ 106,741	\$ 91,491	\$ 1,221,629	\$ -
Broadcasting	211,381	383,265	58,932	10,896	304,019	69,662	1,038,155	159,131
Program information	<u>172,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,564</u>	<u>75,402</u>	<u>267,308</u>	<u>-</u>
Total program services	<u>894,464</u>	<u>852,236</u>	<u>90,675</u>	<u>22,838</u>	<u>430,324</u>	<u>236,555</u>	<u>2,527,092</u>	<u>159,131</u>
Supporting services								
Management and general								
	385,537	60,497	11,859	5,558	48,338	41,434	553,223	-
Fundraising	286,990	61,768	23,196	71,460	47,433	56,143	546,990	-
Underwriting	<u>174,369</u>	<u>1,166</u>	<u>4,392</u>	<u>-</u>	<u>18,767</u>	<u>16,085</u>	<u>214,779</u>	<u>-</u>
Total supporting services	<u>846,896</u>	<u>123,431</u>	<u>39,447</u>	<u>77,018</u>	<u>114,538</u>	<u>113,662</u>	<u>1,314,992</u>	<u>-</u>
Total 2019	<u>\$ 1,741,360</u>	<u>\$ 975,667</u>	<u>\$ 130,122</u>	<u>\$ 99,856</u>	<u>\$ 544,862</u>	<u>\$ 350,217</u>	<u>\$ 3,842,084</u>	<u>\$ 159,131</u>
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	<u>181,789</u>	<u>619</u>	<u>-</u>	<u>-</u>	<u>19,019</u>	<u>62,537</u>	<u>263,964</u>	<u>-</u>
Total program services	<u>963,460</u>	<u>866,798</u>	<u>85,600</u>	<u>10,850</u>	<u>407,486</u>	<u>231,245</u>	<u>2,565,439</u>	<u>168,288</u>
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	<u>146,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,282</u>	<u>13,098</u>	<u>174,896</u>	<u>-</u>
Total supporting services	<u>779,408</u>	<u>118,693</u>	<u>13,116</u>	<u>75,042</u>	<u>102,720</u>	<u>89,413</u>	<u>1,178,392</u>	<u>-</u>
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>

SUPPLEMENTARY INFORMATION

KUAC TV9 FM 89.9
(A public telecommunications entity
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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 880,086	\$ 677,854	\$ 202,232
Other	175,757	175,757	-
Alaska Public Broadcasting Commission	155,882	78,300	77,582
State appropriations and University funding	771,700	296,210	475,490
Contributions and unrestricted gifts	836,844	483,842	353,002
Other operating revenues	41,202	41,202	-
Underwriting revenue	276,051	68,834	207,217
Facilities and administrative support from University of Alaska	570,835	278,472	292,363
In-kind contributions, services and other	324,244	206,293	117,951
	<u>4,032,601</u>	<u>2,306,764</u>	<u>1,725,837</u>
Operating expenses			
Program services			
Programming and production	1,221,629	540,655	680,974
Broadcasting	1,038,155	766,869	271,286
Program information	267,308	195,044	72,264
Supporting services			
Management and general	553,223	237,004	316,219
Fundraising	546,990	161,365	385,625
Underwriting	214,779	21,471	193,308
Depreciation	159,131	155,348	3,783
	<u>4,001,215</u>	<u>2,077,756</u>	<u>1,923,459</u>
Total operating expenses			
Operating profit (loss)	<u>31,386</u>	<u>229,008</u>	<u>(197,622)</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contributions - pension	<u>38,778</u>	<u>14,348</u>	<u>24,430</u>
Total non-operating revenues (expenses)	<u>38,778</u>	<u>14,348</u>	<u>24,430</u>
Change in net position before other revenues, expenses, gains or losses			
	70,164	243,356	(173,192)
Pension expense - net pension, OPEB, and state on-behalf payment	<u>74,222</u>	<u>27,462</u>	<u>46,760</u>
Change in net position	144,386	270,818	(126,432)
Net position			
Beginning of year	<u>1,381,006</u>	<u>510,972</u>	<u>870,034</u>
End of year	<u>\$ 1,525,392</u>	<u>\$ 781,790</u>	<u>\$ 743,602</u>

See independent auditor's report.

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	14,456	7,064	7,392
Underwriting revenue	274,635	52,273	222,362
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>
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
	<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
Change in net position	224,563	338,440	(113,877)
Net position			
Beginning of year	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.

KUAC TV9 FM89.9
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2019

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 880,086	\$ -	\$ 880,086
Other	175,757	-	175,757
Alaska Public Broadcasting Commission	155,882	-	155,882
State appropriations and University funding	771,700	-	771,700
Contributions	836,844	-	836,844
Other operating revenues	41,202	-	41,202
Underwriting revenue	276,051	-	276,051
Facilities and administrative support from University of Alaska	570,835	570,835	-
In-kind contributions, services and other	324,244	324,244	-
	<u>4,032,601</u>	<u>895,079</u>	<u>3,137,522</u>
Operating expenses			
Program services			
Local programming and production	1,221,629	198,232	1,023,397
Broadcasting	1,038,155	373,681	664,474
Program information	267,308	94,967	172,341
Supporting services			
Management and general	553,223	89,770	463,453
Fundraising	546,990	103,577	443,413
Underwriting	214,779	34,852	179,927
Depreciation	159,131	-	159,131
	<u>4,001,215</u>	<u>895,079</u>	<u>3,106,136</u>
Total operating expenses			
	<u>4,001,215</u>	<u>895,079</u>	<u>3,106,136</u>
Operating profit (loss)	<u>31,386</u>	<u>-</u>	<u>31,386</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contribution - pension	38,778	38,778	-
	<u>38,778</u>	<u>38,778</u>	<u>-</u>
Total non-operating revenues (expenses)			
	<u>38,778</u>	<u>38,778</u>	<u>-</u>
Change in net position before other revenues, expenses, gains or losses	70,164	38,778	31,386
Pension expense - net pension and OPEB obligations	74,222	74,222	-
	<u>74,222</u>	<u>74,222</u>	<u>-</u>
Change in net position	144,386	113,000	31,386
Net position			
Beginning of year	1,381,006	-	1,381,006
	<u>1,381,006</u>	<u>-</u>	<u>1,381,006</u>
End of year	<u>\$ 1,525,392</u>	<u>\$ 113,000</u>	<u>\$ 1,412,392</u>

See independent auditor's report.

KUAC TV9 FM89.9
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2018

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
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	14,456	-	14,456
Underwriting revenue	274,635	-	274,635
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			
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			
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	-
	<u>65,947</u>	<u>65,947</u>	<u>-</u>
Total non-operating revenues (expenses)			
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	97,053	-
Change in net position	224,563	163,000	61,563
Net position			
Beginning of year	1,156,443	-	1,156,443
End of year	<u>\$ 1,381,006</u>	<u>\$ 163,000</u>	<u>\$ 1,218,006</u>

See independent auditor's report.

KUAC TV9 FM 89.9
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Schedule of KUAC's Proportionate Share of the Net Pension Liability
PERS-DB Plan

Last 10 Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KUAC's proportion of net pension liability	0.0315%	0.0317%	0.0376%	0.0366%	0.0293%
KUAC's proportionate share of net pension liability	\$1,567,000	\$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>454,000</u>	<u>611,000</u>	<u>265,000</u>	<u>475,000</u>	<u>967,000</u>
Total	<u>\$2,021,000</u>	<u>\$2,250,000</u>	<u>\$2,368,000</u>	<u>\$2,233,000</u>	<u>\$2,314,000</u>
KUAC's covered employee payroll	643,674	699,250	745,924	793,483	837,643
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	243.4%	234.4%	282.0%	221.6%	160.8%
Plan fiduciary net position as a percentage of the total pension liability	65.0%	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, 2018, 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 *

	2019	2018
KUAC's proportion of net OPEB liability	0.0315%	0.0317%
KUAC's proportionate share of net OPEB liability	\$ 323,000	\$ 268,000
State's proportionate share of the net OPEB liability associated with KUAC	94,000	100,000
Total	\$ 417,000	\$ 368,000
KUAC's covered employee payroll	643,674	699,250
KUAC's proportionate share of the net pension liability as a percentage of its covered payroll	50.2%	38.3%
Plan fiduciary net position as a percentage of the total pension liability	88.1%	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, 2018 and 2017

KUAC TV9 FM 89.9
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Schedule of KUAC's Contribution to PERS-DB Pension Plan

Last 10 Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contributions in relation to the statutorily required contribution	\$ 115,000	\$ 139,000	\$ 133,000	\$ 105,000	\$ 105,000
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
KUAC's covered employee payroll	\$ 643,674	\$ 699,250	\$ 745,924	\$ 793,483	\$ 837,643
Contribution as a percentage of covered KUAC payroll	17.9%	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, 2018, 2017, 2016, 2015 and 2014.

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

Schedule of KUAC's Contribution
 PERS-DB OPEB Plan

Last 10 Fiscal Years *

	2019	2018
Statutorily required contribution	\$ 37,000	\$ 39,000
Contributions in relation to the statutorily required contribution	\$ 37,000	\$ 39,000
Contribution (deficiency) excess	\$ -	\$ -
KUAC's covered employee payroll	643,674	699,250
Contribution as a percentage of covered-KUAC payroll	5.7%	5.6%

* 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, 2018 and 2017