KGLT-FM and Friends of KGLT

A Public Telecommunications Entity Operated by the Board of Regents – Montana University System

Financial Statements and Supplementary Information

Years Ended June 30, 2018 and 2017

WIPFLi LLP
CPAs and Consultants

Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2018

2018 was the Golden Anniversary of KGLT. Montana State University's KGLT-FM ("The Station") heads for year 51 with generations of listeners finding enjoyment of music, support and education from this college and community radio station with main offices on the Bozeman campus. With two transmitters and four translators, KGLT is a program of The Associated Students of Montana State University (ASMSU). It is noncommercial, educational, has live announcers, and an open music format. KGLT is licensed to the Board of Regents of the Montana University System. The Station's two transmitters are located in Logan and East Helena, Montana. Additionally, it has four translators that are located in Mammoth Hot Springs, Wyoming as well as Bozeman, Big Timber, and Livingston, Montana.

Known as "alternative public radio in Southwest Montana," KGLT's diverse music shows are hosted by 85 volunteer announcers trained in nine week long apprentice classes offered by the station three times per year. The Station writes and produces approximately 2,000 public service announcements annually, supports local talent, and has an open-door policy to the public.

KGLT supports local and visiting talent with interviews and on-air live performances, nonprofit organizations with concise on-air interviews, and community with public service announcements and educational, entertaining segmented programming. Programming includes Montana Medicine Show, now in its ninth year; fishing, skiing, and avalanche reports; and three community calendars to keep the listeners informed of community events. KGLT also airs national programming that includes This American Life, Studio 360, Mountain Stage, Radiolab, Star Date, and Chrysti the Wordsmith, who just “appeared” on NPR’s Wait Wait Don’t Tell Me.

The related fund-raising entity, Friends of KGLT ("Friends"), is a nonprofit Montana corporation that provides financial support solely to KGLT. These statements include the activities of Friends as a discretely presented component unit. Additionally, the Station is supported financially by ASMSU, the Corporation for Public Broadcasting, foundations, area businesses (underwriters), and listeners.

Financial Reporting Standards

KGLT-FM follows standards established by the Corporation for Public Broadcasting, which require use of Governmental Accounting Standards Board ("GASB") pronouncements. GASB pronouncements require that revenue received in exchange for services be classified as "operating," while gifts and other nonexchange transactions (including grants, donations, and other support) revenues are classified as nonoperating. While all revenue received is used for KGLT activities, the GASB definition of "operating" revenues results in very few revenues meeting the criteria of "operating." Due to this, institutions that rely heavily on contributions for support routinely report operating losses, because receipts of gifts, grants and contributions are classified as "nonoperating."

Pursuant to GASB Statement Number 35, the annual financial report consists of three basic financial statements:

1. the Statements of Net Position;
2. the Statements of Revenues, Expenses and Changes in Net Position; and
3. the Statements of Cash Flows

Beginning in fiscal year 2015, upon implementation of GASB Statement Number 68, the Station was required to report pension obligations allocated from the Montana University System plan. This change led to a significant change to the Statement of Net Position – in particular, a decrease in the net position of KGLT-FM and recording of a net pension liability.

The following discussion includes comparisons between fiscal years 2016, 2017, and 2018, with emphasis on the latter year.

Use of Financial Statements

The statements are prepared using the accrual basis of accounting and represent a consolidation of all funds including CPB grants managed through the Montana State University Office of Sponsored Programs, ASMSU funding, State of Montana appropriations through Montana State University ("MSU"), as well as Friends' financial information. All KGLT funds are internally recorded in the central accounting system of Montana State University.

- Assets and liabilities are measured at current value and capital assets at cost less depreciation.
- Depreciation of capital assets is treated as an operating expense.
- Assets and liabilities are treated as current (use or benefit within one year), or as noncurrent (use or benefit in more than one year) and are presented in the Statements of Net Position.
- Revenues and expenses are classified as "Operating" or "Nonoperating." Operating revenues are the result of transactions involving exchanges of goods or services for substantially equal value, while nonoperating revenues result from other transactions, such as grants, appropriations, and gifts. All expenses are considered operating; therefore, the operating loss reported in the financial statements is substantial. KGLT supporters reading this report will see that June 2018 available cash balances are stable and cash flows are consistently sufficient.

Financial Summary

In FY 2018, cash balances increased $21,191 as earned revenues and contributions exceeded expenses incurred. The Station's Net Position increased $62,841 in FY 2018 as discussed in the Statement of Revenues, Expenses, and Change in Net Position discussion which follows.

Statements of Net Position

The following is a summary of the Statements of Net Position without Friends information:

	As of June 30,		
	2018	2017	2016
ASSETS			
Total current assets	$ 277,283	$ 238,868	$ 248,780
Capital assets, net	25,511	27,921	30,331
Other assets	47,599	15,000	15,000
Total assets	350,393	281,789	294,111
DEFERRED OUTFLOW OF RESOURCES - PENSIONS AND OPEB	48,654	31,838	14,842
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 399,047	$ 313,627	$ 308,953
LIABILITIES			
Total current liabilities	$ 198,115	$ 204,124	$ 186,742
Total noncurrent liabilities	239,106	268,108	240,950
Total liabilities	437,221	472,232	427,692
DEFERRED INFLOW OF RESOURCES - PENSIONS AND OPEB	2,519	573	13,646
NET POSITION			
Unrestricted	(66,204)	(187,099)	(162,716)
Net investment in capital assets	25,511	27,921	30,331
Total net position	(40,693)	(159,178)	(132,385)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 399,047	$ 313,627	$ 308,953

During FY 2018, liabilities decreased mainly due to change in other post-employment benefits as a result of adoption of GASB 75. Both the deferred inflows and deferred outflows of resources changed as a result of pension obligation fluctuations. Net position increased in FY 2018 as discussed in the following section.

Statements of Revenues, Expenses and Changes in Net Position

Revenues and expenses are categorized as either operating or nonoperating. Revenues and expenses are recognized when they are earned or incurred, regardless of when cash is received or paid.

The following provides a summary of the Statements of Revenues, Expenses and Changes in Net Position without Friends information:

	As of and for the Years Ended June 30,		
	2018	2017	2016
Operating revenues	$ 138,682	$ 122,383	$ 117,547
Operating expenses	630,287	554,357	516,447
Operating income (loss)	(491,605)	(431,974)	(398,900)
Nonoperating revenues	554,446	405,181	425,428
Net increase (decrease) in net position	62,841	(26,793)	26,528
Net position, beginning of year	(159,178)	(132,385)	(158,913)
Restatement, beginning balance - OPEB	55,644	-	-
Net position, end of year	$ (40,693)	$ (159,178)	$ (132,385)

Operating revenues primarily consist of underwriting revenue, which increased 12% to $138,682 over FY17's underwriting revenue of $122,383. FY 17 had a 3% increase from the prior year. KGLT management sees economic growth of its listening community, Bozeman, as the key factor. Underwriting interest has increased in the next largest listening area, Helena, where KGLT has joined the local Chamber of Commerce.

FY 18 total operating expenses were $75,930 higher than FY 17, when total operating expenses increased by $37,910, or 3% over FY16. In FY18, there were increases in salaries, benefits, and fund drive incentives and the indirect cost of rent increased by $20,000.

Non-operating revenues increased by 37% or $149,265 in FY 18. Nonoperating revenues decreased by 4%, or $20,247 in FY17 from FY 2016. Fund Drive 2018 surpassed any other Fund Drive in the 50-year history of the station. By FY18 end, The Station had reached over $210,000 in pledges with close to 90% collected. KGLT-FM received a donation of a new transmitter KGLZ for $32,599 in F Y18. The FY 2017 fund drive was very successful, out-performing the prior year by 1%, for a total of $190,007 in pledges and $172,380 collected by fiscal year end. That compared to $169,505 collected by year end in FY16 and $156,374 in FY 2015.

The increase in fund drive pledges and collections is attributable to The Station's 50 year anniversary and the incredible marketing of the event, including oral histories recorded by announcers who were there at the beginning. Gift funds are available to be implemented in the amount of $60,000 that will cover well deserved reclassification and raises for the three full time staff, hiring the new General Manager, and the crossover of the two GM positions for training purposes. Gifts provide funding for salaries, special programming, and operations, and are funded by Friends of KGLT, Gilhousen Foundation, CARS, Kainz Foundation, Montana History Foundation, and the MSU Alumni Foundation. Costs related to signal studies and purchase were funded by an outside organization which provided grants to a number of stations involved in an application for signal.

ASMSU provided an investment of less than $5,000 in FY18 as the Station focuses on decreasing to a reasonable minimum their yearly financial support for its operations budget. Each year the Station presents a budget to ASMSU, as the Station is operated as one of 22 ASMSU committees. ASMSU has a responsibility to support its committees and does so with financial support as well as with liaisons support in student government. In FY 2017, the Station drew $12,098 in financial support from ASMSU, or 40% of the original budget authority ($30,281). In FY 2016, the Station required $11,000 from ASMSU to meet its expenses, one third of the authorized amount.

Statements of Cash Flows

The Statements of Cash Flows describe KGLT's sources and uses of cash during the fiscal year. This statement helps assess the Station's ability to meet commitments as they become due, its ability to generate future cash flows, and its need for external financing. GASB statements require the use of the direct method for presenting results of cash flows, which focuses on transactions that provided or used cash in the fiscal year.

The following is a summary of the Statements of Cash Flows without Friends of KGLT information.

	As of and for the Years Ended June 30,		
	2018	2017	2016
Cash provided by (used in):			
Operating activities	$ (337,045)	$ (323,842)	$ (303,789)
Non-capital financing activities	357,716	323,604	342,484
Investing activities	520	339	(10,297)
Net increase in cash	21,191	101	28,398
Cash, beginning of year	225,933	225,832	197,434
Cash, end of year	$ 247,124	$ 225,933	$ 225,832

FY 18 produced a $21,191 increase in Cash Flows over FY 17, due to increases in Underwriting and Fund Drive. In FY 17 there was a $101 increase in Cash Flows over FY 16. During FY 2016, there was a net increase in cash in the amount of $28,398.

Discussion of Significant Pending Economic and Financial Issues:

Digital Library, Streaming: The digitization process of over 65,000 CDs in the Station's library continues. The Station added 16 more internet streams and looks forward to adding an Internet Station.

Apprentice Classes: Apprentice classes, conducted by Music Director Jim Kehoe, are creating the path for the future success of KGLT as announcers learn from the best how to run a show.

New General Manager: The addition of General Manager, Craig Clark, is the best new ingredient to KGLT's future success. That success is the longevity of the Station rooted in the music and well trained announcers, in the loyalty of the listeners and the community ties the Station engenders and supports.

New Transmitter Signal in Helena, new translator in Big Timber, Montana: The Station has increased signal strength in Helena with a new transmitter that went live in September, 2017. Its signal range has doubled. Approximately 18% of fund drive support came from Helena, a 6% increase over FY17. The new signal is part of an understanding between Yellowstone Public Radio (also a CPB recipient), the Station, and Last Chance Public Radio Association (LCPRA) in Helena. Yellowstone Public Radio also was the energy behind getting a translator signal in Big Timber, Montana, with its population of 1,650. The transmitter that was received had a fair market value in the amount of $34,977. The KGLT translator traded had a fair market value at June 30,2018 was $2,378. The total fair market value for the KGLZ transmitter recorded was $32,599.

The Station is negotiating for FY19, a new translator signal in Big Sky, Montana, an affluent tourist location.

The Station averages 12,000 listeners per week and remains in the top five of 18 stations in the Gallatin Valley, from which the highest percentage of support comes.

Underwriting Opportunities, Online Store: The Station's home base, Bozeman, is growing. New businesses are coming to town and there are new underwriting prospects on a regular basis. The Station is near to opening an online store, which will provide t-shirts and more from past fund drives.

Corporation for Public Broadcasting Transparency Requirements: The Station is diligent about the CPB requirements of transparency and accountability. Foundations, potential underwriters, planned giving prospects, and new listeners can go to the 'About' section at www.kglt.net and view the Station's financial reports, mission statement, its open-door policy and Management Discussion and Analysis. The Station's relationship with CPB has created respect in the listening communities served by the 51 year old station.

Estate Planning, Year End and Sustained Giving: The Planned Giving page on www.kglt.net will facilitate estate and other giving, with interest and intention arising in FY19. Year end giving adds $3-5,000 annually. Sustained Giving is going to be the big focus for FY 19 Fund Drive with gifts managed by the Alumni Foundation.

Friends of KGLT ("Friends"): In FY 2018, vinyl sales and a pop-up shop were important and more are planned for FY19. Breweries are holding "Pints for Purpose" events. Friends supported KGLT in FY 18 with $7,000 and reimbursement on purchases for the Music Library, which it plans to continue, as well as paying streaming royalties to Sound Exchange. The 501(c)(3) will focus on creating more events to garner support for the Station.

Corporation for Public Broadcasting: In 2007, CPB started a relationship with KGLT-FM. It is with great pride that the Station has been a member of the CPB family for more than ten years. The Station owes a debt of gratitude to CPB for standing with KGLT and empowering its growth. The Station is in CPB's American Archive Project, has added and strengthened signals, and has been able to extend its reach to many more listeners and carry on its 51-year tradition. Long live public radio and public media, thanks to CPB.

WIPFLi LLP

Independent Auditor's Report

Board of Regents - Montana University System KGLT Radio
Bozeman, Montana 59717

Report on the Financial Statements

We have audited the accompanying financial statements of KGLT-FM (the Station), a Public Telecommunications Entity operated by the Montana University System, and its discretely presented component unit, Friends of KGLT (Friends), 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; 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. 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 above present fairly, in all material respects, the financial position of KGLT-FM and Friends, as of June 30, 2018 and 2017, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Priniciple

As discussed in Note 1 to the finanical statements, in 2018 the Station implemented new accounting guidance GASB Statement No. 75, *Accounting and Finanical Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of the net pension liability and schedule of contributions, 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, 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.

Other information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise KGLT-FM's and Friends' basic financial statements. The supplementary information appearing on page 49 is presented for the purpose 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

January 14, 2019
Bozeman, Montana

KGLT-FM and Friends

A Public Telecommunications Entity Operated by

The Board of Regents-Montana University System

Statement of Net Position

June 30, 2018	KGLT	Friends of KGLT	Total
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash	$ 247,124	$ 15,223	$ 262,347
Accounts receivable	8,719	-	8,719
Pledges receivable	15,056	-	15,056
Prepaid expenses	6,384	-	6,384
Total current assets	277,283	15,223	292,506
NONCURRENT ASSETS			
Capital assets, net	25,511	22,759	48,270
Other intangible assets	47,599	-	47,599
Total noncurrent assets	73,110	22,759	95,869
TOTAL ASSETS	350,393	37,982	388,375
DEFERRED OUTFLOW OF RESOURCES - PENSIONS AND OPEB	48,654	-	48,654
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 399,047	$ 37,982	$ 437,029
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ 12,209	$ -	$ 12,209
Unearned grant revenue	140,233	-	140,233
Wages payable	24,060	-	24,060
Accrued compensated absences	21,613	-	21,613
Total current liabilities	198,115	-	198,115
NONCURRENT LIABILITIES			
Accrued compensated absences	19,952	-	19,952
Other post-employment benefits	21,591	-	21,591
Net pension liability	197,563	-	197,563
Total noncurrent liabilities	239,106	-	239,106
TOTAL LIABILITIES	437,221	-	437,221
DEFERRED INFLOWS OF RESOURCES - PENSIONS AND OPEB	2,519	-	2,519
NET POSITION			
Unrestricted	(66,204)	15,223	(50,981)
Net investment in capital assets	25,511	22,759	48,270
Total net position	(40,693)	37,982	(2,711)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 399,047	$ 37,982	$ 437,029

See accompanying notes to financial statements

KGLT-FM and Friends

A Public Telecommunications Entity Operated by
The Board of Regents-Montana University System

Statement of Net Position

June 30, 2017	KGLT	Friends of KGLT	Total
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash	$ 225,933	$ 16,240	$ 242,173
Accounts receivable	6,641	-	6,641
Pledges receivable	5,446	-	5,446
Prepaid expenses	848	-	848
Total current assets	238,868	16,240	255,108
NONCURRENT ASSETS			
Capital assets, net	27,921	24,307	52,228
Other intangible assets	15,000	-	15,000
Total noncurrent assets	42,921	24,307	67,228
TOTAL ASSETS	281,789	40,547	322,336
DEFERRED OUTFLOW OF RESOURCES - PENSIONS	31,838	-	31,838
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 313,627	$ 40,547	$ 354,174
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ 2,325	$ -	$ 2,325
Unearned grant revenue	161,845	-	161,845
Wages payable	21,912	-	21,912
Accrued compensated absences	18,042	-	18,042
Total current liabilities	204,124	-	204,124
NONCURRENT LIABILITIES			
Accrued compensated absences	16,654	-	16,654
Other post-employment benefits	77,961	-	77,961
Net pension liability	173,493	-	173,493
Total noncurrent liabilities	268,108	-	268,108
TOTAL LIABILITIES	472,232	-	472,232
DEFERRED INFLOWS OF RESOURCES - PENSIONS	573	-	573
NET POSITION			
Unrestricted	(187,099)	16,240	(170,859)
Net investment in capital assets	27,921	24,307	52,228
Total net position	(159,178)	40,547	(118,631)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 313,627	$ 40,547	$ 354,174

See accompanying notes to financial statements

KGLT-FM and Friends

A Public Telecommunications Entity Operated by

The Board of Regents-Montana University System

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2018	KGLT	FRIENDS OF KGLT	TOTAL
OPERATING REVENUES			
Operating revenues	$ 138,682	$ -	$ 138,682
OPERATING EXPENSES			
Broadcasting	118,394	300	118,694
Programming and production	125,157	1,740	126,897
Program information and promotion	23,625	-	23,625
Management and general	149,324	158	149,482
Fundraising and membership development	173,290	1,000	174,290
Solicitation and underwriting	33,596	-	33,596
Land, buildings and equipment	6,901	1,548	8,449
Contributions to affiliates	-	8,500	8,500
Total operating expenses	630,287	13,246	643,533
OPERATING LOSS	(491,605)	(13,246)	(504,851)
NONOPERATING REVENUES			
Contributions from fund drive	232,407	-	232,407
Other foundation grants	5,428	100	5,528
Grants from CPB	146,779	-	146,779
In-kind donations	96,832	-	96,832
Support from the Montana University System			
Montana State University	68,156	-	68,156
Associated Students of Montana State University	4,324	-	4,324
Investment Income	520	-	520
Contributions-other	-	10,581	10,581
Total nonoperating revenues	554,446	10,681	565,127
CHANGE IN NET POSITION	62,841	(2,565)	60,276
NET POSITION, beginning of year as previously stated	(159,178)	40,547	(118,631)
RESTATEMENT, beginning of year - OPEB	55,644	-	55,644
NET POSITION, beginning of year as restated	(103,534)	40,547	(62,987)
NET POSITION, end of year	$ (40,693)	$ 37,982	$ (2,711)

See accompanying notes to financial statements

KGLT-FM and Friends

A Public Telecommunications Entity Operated by

The Board of Regents-Montana University System

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2017	KGLT	FRIENDS OF KGLT	TOTAL
OPERATING REVENUES			
Operating revenues	$ 122,383	$ -	$ 122,383
OPERATING EXPENSES			
Broadcasting	113,445	-	113,445
Programming and production	143,229	-	143,229
Program information and promotion	23,157	-	23,157
Management and general	85,751	120	85,871
Fundraising and membership development	152,272	1,500	153,772
Solicitation and underwriting	33,826	-	33,826
Land, buildings and equipment	2,677	1,548	4,225
Contributions to affiliates	-	10,192	10,192
Total operating expenses	554,357	13,360	567,717
OPERATING LOSS	(431,974)	(13,360)	(445,334)
NONOPERATING REVENUES			
Contributions from fund drive	178,250	-	178,250
Other foundation grants	6,254	2,665	8,919
Grants from CPB	103,282	-	103,282
In-kind donations	54,363	-	54,363
Support from the Montana University System			
Montana State University	50,595	-	50,595
Associated Students of Montana State University	12,098	-	12,098
Investment Income	339	-	339
Contributions-other	-	8,392	8,392
Total nonoperating revenues	405,181	11,057	416,238
CHANGE IN NET POSITION	(26,793)	(2,303)	(29,096)
NET POSITION, beginning of year	(132,385)	42,850	(89,535)
NET POSITION, end of year	$ (159,178)	$ 40,547	$ (118,631)

See accompanying notes to financial statements

KGLT-FM and Friends

A Public Telecommunications Entity Operated by
The Board of Regents-Montana University System
Statement of Cash Flows

Year Ended June 30, 2018	KGLT	Friends of KGLT	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating revenues	$ 136,604	$ -	$ 136,604
Compensation and benefits	(265,483)	-	(265,483)
Operating expenses	(208,166)	(11,698)	(219,864)
Net cash used in operating activities	(337,045)	(11,698)	(348,743)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State appropriations & ASMSU support	7,766	-	7,766
Community service grants	130,595	-	130,595
Receipts from fund drive	219,355	-	219,355
Donations	-	10,681	10,681
Net cash provided by non-capital financing activities	357,716	10,681	368,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	520	-	520
Net cash provided by investing activities	520	-	520
NET INCREASE (DECREASE) IN CASH	21,191	(1,017)	20,174
CASH, beginning of year	225,933	16,240	242,173
CASH, end of year	$ 247,124	$ 15,223	$ 262,347
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	$ (491,605)	$ (13,246)	$ (504,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Operating expenses paid directly by the University	68,156	-	68,156
In-kind operational expenses	64,233	-	64,233
Depreciation	2,410	1,548	3,958
Change in operating assets and liabilities:			
Accounts receivable	(2,078)	-	(2,078)
Prepaid expenses	(5,536)	-	(5,536)
Accounts payable	9,884	-	9,884
Wages payable	2,148	-	2,148
Compensated absences	6,869	-	6,869
Other post-employment benefits	(726)	-	(726)
Net pension liability and related deferred inflows and outflows	9,200	-	9,200
Net cash used in operating activities	$ (337,045)	$ (11,698)	$ (348,743)

See accompanying notes to financial statements

KGLT-FM and Friends

A Public Telecommunications Entity Operated by

The Board of Regents-Montana University System

Statement of Cash Flows

Year Ended June 30, 2017	KGLT	Friends of KGLT	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating revenues	$ 121,584	$ -	$ 121,584
Compensation and benefits	(265,650)	-	(265,650)
Operating expenses	(179,776)	(11,812)	(191,588)
Net cash used in operating activities	(323,842)	(11,812)	(335,654)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State appropriations & ASMSU support	12,098	-	12,098
Community service grants	126,829	-	126,829
Receipts from fund drive	184,677	-	184,677
Donations	-	11,057	11,057
Net cash provided by non-capital financing activities	323,604	11,057	334,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	339	-	339
Net cash provided by investing activities	339	-	339
NET INCREASE (DECREASE) IN CASH	101	(755)	(654)
CASH, beginning of year	225,832	16,995	242,827
CASH, end of year	$ 225,933	$ 16,240	$ 242,173
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	$ (431,974)	$ (13,360)	$ (445,334)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Operating expenses paid directly by the University	50,595	-	50,595
In-kind operational expenses	54,238	-	54,238
Depreciation	2,410	1,548	3,958
Change in operating assets and liabilities:			
Accounts receivable	(1,769)	-	(1,769)
Prepaid expenses	5,355	-	5,355
Accounts payable	(907)	-	(907)
Deferred revenue	970	-	970
Wages payable	263	-	263
Compensated absences	(219)	-	(219)
Other post-employment benefits	4,210	-	4,210
Net pension liability and related deferred inflows and outflows	(7,014)	-	(7,014)
Net cash used in operating activities	$ (323,842)	$ (11,812)	$ (335,654)

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Organization

KGLT-FM (the Station) is operated by the Montana University System, which is controlled by the Montana Board of Regents. The Station is a not-for-profit public radio station operating from the campus of Montana State University-Bozeman. Currently, KGLT serves the Bozeman area and parts of Montana which are within the KGLT reception area. The Station relies on grants, university support and public contributions.

The component unit described below is included in the Station's reporting entity because of the significance of the operational and financial relationship with the Station. The Station and Friends collectively will be referred as "the Station" in the following notes.

Component Unit

The Friends of KGLT (Friends) raises funds to provide financial and other support to the Station. The support provided includes fund raising and positive community relations. The administration of Friends is provided by a Board of Directors that consisted of six and ten members for the years ended June 30, 2018 and 2017.

In accordance with GASB No. 39, the financial statements of Friends of KGLT are being presented in this financial report as a component unit, not as consolidated organization. As a result, transactions between the two entities are not eliminated. GASB Statement No. 34 requires that transactions between the two entities be recorded as external transactions. As a result, transfers of funds from Friends to the Station are recorded as an expense on the financial statements of Friends and as revenue on the financial statements of the Station.

Financial Statement Presentation

The Station's financial statements are presented in accordance with requirements of GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Government,* GASB Statement No. 35*, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34,* GASB Statement No. 38, *Certain Financial Statement Note Disclosures, and* GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* As the station does not have governmental fund types, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* is not applicable. Under GASB Statements No. 34, No. 35, No. 37, No. 38 and No. 63, the Station is required to present a statement of net position classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position, with separate presentation for operating and non-operating revenues and expenses, and a statement of cash flows using the direct method. The statements require the classification of net position into net investment in (1) capital assets, (2) restricted, and (3) unrestricted.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

For financial reporting purposes, the Station is considered a special program of the Associated Students of Montana State University (ASMSU) engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash balances maintained in pooled funds with other University funds are considered cash equivalents. The University allocates cash balances to the Station from their funds invested in the Short Term Investment Pool (STIP) with the Montana Board of Investments. There are no cash equivalents as of June 30, 2018 and 2017.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Customer account balances with invoices dated over 30 days are considered delinquent but are not subject to finance charges.

Accounts receivable are stated at amounts management expects to collect from balances outstanding.

Capital Assets

Capital assets with a cost, or donated assets with an estimated fair market value on the date of receipt, of $5,000 or more and an estimated useful life of more than one year are capitalized. Subsequent to July 1, 2010, intangible assets with a cost, or donated assets with an estimated fair market value on the date of receipt, of $10,000 or more and an estimated useful life of more than one year are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 25 years for equipment. Depreciation is reported as a management and general expense in the statements of revenues, expenses, and changes in net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Other Intangible Assets

The Station purchased a FCC translator license in 2010, which is being reported at cost. The Station traded a FCC translator license in 2018 for a FCC transmitter license, which has been recorded at the difference in current year fair market values. Pursuant to ASC 350, *Intangibles – Goodwill and Other,* intangible assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate their carrying value may not be fully recoverable. If an impairment indicator exists, recoverability is assessed by comparing the carrying value to undiscounted cash flows expected to be generated by the assets. If impaired, the impairment recognized is the amount by which the carrying value exceeds its fair value, which is then charged as a non-operating charge to the statement of revenues and expenses. No impairment indicators existed in fiscal years 2018 and 2017.

Compensated Absences

Employees' compensated absences are accrued when earned. The obligation and expenditure incurred during the year are recorded as accrued compensated absences in the statements of net position and as a component of management and general in the statements of revenues, expenses and changes in net position. As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Amounts recorded as accrued compensated absences include employer benefits.

Other Post-Employment Benefits (OPEB)

During the year ended June 30, 2018, the University adopted Governmental Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Station allows retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The State of Montana and its component units amortize the calculated OPEB liability resulting from this implicit rate subsidy over a period of 30 years. The state has not mandated funding of the liability. See Note 4 for further information on other post-employment benefits.

Pensions

During the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See Note 4 for further information on pensions.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

The Station's net position is classified as follows:

Net investment in capital assets: This represents the Station's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The Station had no outstanding debt for the years ended June 30, 2018 and 2017, respectively.

Restricted position: This represents the component of net position that reports the constraints placed on the use of net position by either external parties or enabling legislation. The Station had no restricted position for the years ended June 30, 2018 and 2017, respectively.

Unrestricted position: The resulting difference between assets and liabilities and deferred inflows and outflows of resources that are not reported in net investment in capital assets and restricted position.

Classification of Activities

The Station has classified their revenues as either operating or non-operating.

Operating revenues: Operating revenues result from exchange transactions. Operating revenues include underwriting of broadcast programs, apprenticeship classes and sales of merchandise.

Nonoperating revenues: Nonoperating revenue result from non-exchange transactions. Nonoperating transactions include (1) operating grants from Corporation for Public Broadcasting (CPB), (2) contributions from the annual fund drive, (3) in-kind contributions, (4) indirect support from the Montana University System, and (5) support from ASMSU.

Program Underwriting

Revenue for program underwriting is recorded on a pro-rata basis for the period covered. Revenue related to subsequent years is reflected as unearned revenue in the accompanying statements of net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Community Service Grants

The CPB 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 telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality 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), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists and licensee status with the Federal Communications Commission. The grants were reported on the accompanying financial statements as unrestricted non-operating revenues.

Donated Facilities, Materials and Services

Donated facilities from the ASMSU consist of office and studio space together with related occupancy costs and are recorded as revenue and expense at estimated fair rental values in the statements of revenues, expenses and changes in net position. These expenses are recorded as indirect support. Montana State University pays pension contributions and other employee benefits from a benefit cost pool on behalf of some of the Station employees. These expenses are allocated to the Station as direct support. Donated personal services are recognized if the services received (1) create or enhance long-lived assets or (2) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No donated personal services were recorded for the years ended June 30, 2018 and 2017, respectively.

Pledges Receivable

Pledges receivable are monies received from the Station's annual fund drive. As required by ASC 958, the Station records pledges receivable at their fair value and discounts pledges to their net present value based on current market interest rates and the expected payment schedule set out by the donor. Subsequent changes to the discount on pledges are recognized as income either restricted or unrestricted as appropriate. At the current time there are no pledges receivable that are greater than one year.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred and were $8,760 and $6,986 for the years ended June 30, 2018 and 2017, respectively.

Tax Status

As a state institution of higher education, the income of the Station is exempt from federal and state income tax under Internal Revenue Code Section 115. However, income generated from activities not related to the exempt purpose would be subject to income tax under Internal Revenue Code Section 511(a)(2)(B).

New Accounting Pronouncements

Begining July 1, 2017, the Station adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement established new accounting and financial reporting requirements for governments whose employees are provided with OPEB (postemployment benefits other than pensions), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This statement required recording of the Station's postretirement health care liability in its entirety, and also changes the methodology used to measure the liability. The result of adoption was to reduce the amount recorded on the balance sheet as a postretirement health care liability beginning with July 1, 2017; as such, the financial statements for the year ended June 30, 2017 remain unchanged.

Note 2: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Transfers and Other Charges	Balance June 30, 2018
Transmission equipment	$ 39,577	$ -	$ -	$ 39,577
Studio and broadcast equipment	59,350	-	-	59,350
Total capital assets	98,927	-	-	98,927
Less accumulated depreciation for:				
Transmission equipment	25,440	1,583	-	27,023
Studio and broadcast equipment	21,259	2,375	-	23,634
Total accumulated depreciation	46,699	3,958	-	50,657
Capital assets, net	$ 52,228	$ (3,958)	$ -	$ 48,270

Note 2: Capital Assets (Continued)

Following are the changes in capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Transfers and Other Charges	Balance June 30, 2017
Transmission equipment	$ 39,577	$ -	$ -	$ 39,577
Studio and broadcast equipment	59,350	-	-	59,350
Total capital assets	98,927	-	-	98,927
Less accumulated depreciation for:				
Transmission equipment	23,857	1,583	-	25,440
Studio and broadcast equipment	18,884	2,375	-	21,259
Total accumulated depreciation	42,741	3,958	-	46,699
Capital assets, net	$ 56,186	$ (3,958)	$ -	$ 52,228

Note 3: Operating Lease

During the fiscal year ended June 30, 2004, the Station entered into a tower site co-location lease agreement. The lessor provides space for the Station's antenna structures, transmitters and associated equipment and for a backup generator and propane tank. The current term of the lease is for a period of 10 years commencing on September 1, 2013 and ending on August 31, 2023. The Station has the option to renew this lease three times for a period of 10 years each. Monthly rent payments are currently $1,140 with a 3% increase each January 1st.

The future minimum obligations under this operating lease are as follows for the years ending June 30:

2019	$ 14,732
2020	15,174
2021	17,078
2022	17,591
2023	18,118
Thereafter	3,064
Total	$ 85,757

Note 4: Pension Plans

The Station's employees are covered under the Montana Public Employees' Retirement System (PERS) or the Optional Retirement Program (ORP). The PERS plan is a multiple-employer, cost-sharing defined benefit retirement plan. The ORP plan is a defined contribution retirement fund. Only faculty and staff with contracts under the authority of the Board of Regents may elect the ORP.

The amounts contributed to the plans during the year ended June 30, 2018 were equal to the required contributions for the year:

	2018		2017	
	PERS	ORP	PERS	ORP
Employer contributions	$ 12,240	$ 14	$ 11,643	$ 2,913

Following is the total of KGLT's share of balances for defined benefit plans.

	PERS
Net Pension Liability	$ 197,563
Deferred Outflow of Resources	$ 48,598
Deferred Inflow of Resources	$ 1,602
Pension Expense (including state share paid on behalf of the University)	$ 23,690

In accordance with Statement on Governmental Accounting Standard No. 68, Accounting and Financial Reporting for Pensions (Statement 68), employers are required to recognize and report certain amounts associated with their participation in retirement plans. Statement 68 became effective June 30, 2015 and includes requirements to record and report KGLT's proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, KGLT has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS that are used to provide pension benefits to the retired members of the plan. Due to the existence of a special funding situation, KGLT is also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability (NPL) that is associated with KGLT.

Pension Plans (Continued)

PERS Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

PERS Eligibility for Participation

All new members in covered positions (generally all University classified employees which excludes faculty and professional staff) are defaulted to the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the University also have a third option to join the Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions are used to pay down the liability of the PERS-DBRP. A new employee of the University who is already an active or inactive member of one of the PERS Plans may remain in the current retirement option or transfer to the MUS-RP. Written election to move to the MUS-RP must be done within 30 days of becoming eligible to participate, or employees default to their existing retirement plan.

PERS Summary of Benefits

Service retirement:	
Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; or Any age, 30 years of membership service.
Hired on or after July 1, 2011:	Age 65, 5 years of membership service; Age 70, regardless of membership service.
Early retirement, actuarially reduced:	
Hired prior to July 1, 2011:	Age 50, 5 years of membership service; Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

Pension Plans (Continued)

Second Retirement (requires returning to PERS-covered employer or PERS service):

1) Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
    a) A refund of members' contributions plus return interest (currently .77% effective July 1, 2017).
    b) No service credit for the second employment;
    c) Start the same benefit amount the month following termination; and
    d) Guarenteed Annual Benefit Adjustment (GABA) starts again in the January immediately following second retirement.
2) Retire before January 1, 2016 and accumulate 5 or more years of service credit:
    a) The same retirement as prior to the return to service;
    b) A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
    c) GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting Period

5 years of membership service

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months;

Compensation Cap:

- Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

PERS Monthly benefit formula

Members hired prior to July 1, 2011:
- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:
- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Pension Plans (Continued)

PERS Guaranteed Annual Benefit Adjustment (GABA)
After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired July 1, 2007 through June 30, 2013
- Members hired on or after July 1, 2013:
  1.5% for each year PERS is funded at or above 90%;
  1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  0% whenever the amortization period for PERS is 40 years or more

PERS Net Pension Liability
As defined by GASB Statement 68, PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of certain employers. Due to the existence of this special funding situation, local governments and school districts are required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. This arrangement does not apply to the Station, so a state share of pension liability is not reported.

The State of Montana also has a funding arrangement that is not considered a special funding situation whereby the State General Fund provides contributions from the Coal Severance Tax and interest. KGLT is required to report the portion of Coal Tax Severance Tax and interest attributable to it.

KGLT's net pension liability related to PERS was as follows for the years ended June 30,

	2018	2017	Percent of Collective NPL at June 30, 2018	Increase (Decrease) in Percent of Collective NPL
KGLT's Proportionate Share	$ 197,563	$ 173,493	0%	0%

The NPL 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, with update procedures to roll forward the TPL to the measurement date of June 30, 2017. KGLT's proportion of the NPL was based on KGLT's contributions received by PERS during the measurement period July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERS' participating employers.

PERS Changes between the measurement date and the reporting date
There were no changes in proportion that would have and effect on the employer's proportionate share of the collective NPL.

Pension Plans (Continued)

PERS Changes since the previous measurement date

The following changes in assumptions or other inputs that affected the measurement of the Total Pension Liability have been made since the previous measurement date.

- Lowered the interest rate from 7.75% to 7.65%
- Lowered the inflation rate from 3.00% to 2.75%
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year
- Increased rates of withdrawal
- Lowered the merit component of the total salary increase
- Lowered the wage base component of the total salary increase from 4.00% to 0.77%
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.
- Each employer may have unique circumstances that impact its proportionate share of the collective net pension liability. The Station has not been made aware of any such unique circumstances.

PERS Pension Expense

KGLT's pension expense related to PERS was as follows for the years ended June 30,

	2018	2017
KGLT share	$ 20,593	$ 4,641
State of Montana expense/KGLT revenue recognized	3,097	3,040
Total PERS Pension expense recognized	$ 23,690	$ 7,681

Amounts recognized as revenue relate to a grant from the Montana Coal Trust Fund, which is not considered a special funding situation.

Pension Plans (Continued)

PERS Deferred Inflows and Outflows

KGLT's share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 4,809	$ 275	$ 936	$ 573
Change in actuarial assumptions	27,005	-	-	-
Difference between projected and actual investment earnings	-	1,327	16,322	-
Change in proportionate share	4,528	-	2,924	-
Contributions paid to PERS subsequent to the measurement date*	12,254	-	11,656	-
Total	$ 48,596	$ 1,602	$ 31,838	$ 573

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense during the year ending June 30:

	Net Amount to be recognized as an increase or (decrease) to Pension Expense
2019	$ 8,270
2020	$ 16,022
2021	$ 12,894
2022	$ (4,205)

Pension Plans (Continued)

PERS Overview of Contributions
Rates are specified by state law for periodic employer and employee contributions, and are a percentage of the member's compensation. The State legislature has the authority to establish and amend contribution rates to the plan.

PERS Member Contributions

- Plan members are required to contribute 7.90% of their compensation. Contributions are deducted from each member's salary and remitted by participating employers.

- The 7.90% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

PERS Employer contributions

- State and University employers are required to contribute 8.57% of members' compensation.
- Local government entities are required to contribution 8.47% of members' compensation.
- School district employers contributed 8.20% of members' compensation.
- Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions began increasing an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP were allocated to the defined benefit plan's Plan Choice Rate (PCR) unfunded liability. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

PERS Non Employer Contributions

Special Funding

- The State contributes 0.1% of members' compensation on behalf of local government entities.

- The State contributes 0.37% of members' compensation on behalf of school district entities.

Not Special Funding

- The State contributes from the Coal Tax Severance fund

Pension Plans (Continued)

PERS Stand-Alone Statements

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154.

CAFR information including stand alone financial statements can be found at
http://mpera.mt.gov/annualReports.shtml

The latest actuarial valuation and experience study can be found at
http://mpera.mt.gov/actuarialValuations.asp

PERS Actuarial Assumptions
The Total Pension Liability as of June 30, 2017, is based on the results of an actuarial valuation date of June 30, 2016. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the last actuarial experience study, dated May 2017 for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

General Wage Growth*	3.50%
*includes Inflation at 2.75%	
Merit Increases	0% to 4.8%
Investment Return (net of expenses)	7.65%
Administrative expense as a % of payroll	0.26%

Post-retirement benefit increases
- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
  1.5% for each year PERS is funded at or above 90%;
  1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  0% whenever the amortization period for PERS is 40 years or more

Mortality assumptions for healthy members based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males 1 year back.

Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Pension Plans (Continued)

PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. 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. No municipal bond rate was incorporated in the discount rate.

PERS Target Allocations

Asset Class	**Target Asset Allocation**
Cash Equivalents	2.60%
Domestic Equity	36.00%
Foreign Equity	18.00%
Fixed Income	23.40%
Private Equity	12.00%
Real Estate	8.00%
	100.00%

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for PERS. The most recent analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2017, is summarized in the above table.

Pension Plans (Continued)

The long-term expected nominal rate of return is an expected portfolio rate of return provided by the Montana Board of Investments; this differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate includes 2.75% inflation rate and a real rate of return of 4.90%.

PERS Sensitivity Analysis
Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
KGLT's Proportionate Share	$ 287,732	$ 197,563	$ 121,871

PERS Summary of Significant Accounting Policies
The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Note 5: Other Post-Employment Benefits (OPEB)

Other postemployment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave. During the year ended June 30, 2018, the University adopted GASB statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, also referred to as Other Postemployment Benefits (OPEB). Following is the total of the Station's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30, 2018.

	2018
Net OPEB Liability	$ 21,591
Deferred OPEB Outflow of Resources	$ 56
Deferred OPEB Inflow of Resources	$ 917
OPEB Expense	$ 135

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Plan Description

The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides optional postemployment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Participants must elect to start medical coverage within 63 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for postemployment healthcare benefits on a pay-as-you-go basis from general assets from the MUS group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer proportionate share of total OPEB liability and basis for allocation:

The total OPEB liability (TOL) as of June 30, 2018, was based on the actuarial valuation at December 31, 2017, with update procedures to roll forward the TOL to June 30, 2018. The Station's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate share of collective total OPEB liability:

The Station's share of the total plan OPEB liability was as follows :

	2018	
	OPEB Liability	OPEB Proportionate Share
KGLT's Proportionate Share	$ 21,591	0.06 %

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources were as follows:
The Station's OPEB plan deferred outflows and inflows of resources are from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in actuarial assumptions or other inputs	$ -	$ 111
Difference between actual and expected contributions	-	806
Transactions subsequent to the measurement date*	56	-
Total	$ 56	$ 917

* Amounts reported as deferred outflows of resources related to OPEB resulting from transactions 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 and inflows of resources related to OPEB will be fully recognized in expense during the years ending June 30, as follows:

	Net Amount to be recognized as an increase or (decrease) to OPEB Expense
2019	$ (77)
2020	$ (77)
2021	$ (77)
2022	$ (77)
2023	$ (77)
Thereafter	$ (534)

Actuarial Methods and Assumptions

The total OPEB liability (TOL) measured under GASB Statement No. 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. As a pay-as-you-go public entity, GASB 75 requires a 20-year amortization period and a current municipal bond discount rate to establish an Actuarially Determined Contribution (ADC). The GASB 75 valuation is further required to show both historical and projected future net changes in TOL, as well as sensitivity to changes in key underlying assumptions.

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Actuarially determined amounts are subject to continual revisions being actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Information as of the latest actuarial valuation for the MUS OPEB plan follows:

Average annual contributions	Retiree/Surviving Spouse	Spouse	Actuarial assumptions:	
Before Medicare eligibility	$11,264	$4,728	Discount rate	3.89% (3/31/2018 20 - year municipal bond index
After Medicare eligibility	$4,806	$3,620	Projected payroll increases	4%
			Participation:	
Actuarial valuation date	December 31, 2017		Future retirees	55%
Acturial measurement date (1)	March 31, 2018		Future eligible spouses	60%
Acturial cost method	Entry age normal funding method			
Amortization method	Open basis		Martial status at retirement	70%
Remaining amortization period	20 years			
Asset valuation method	Not applicable since no assets meet definition of plan assets under GASB 75			

1) Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Health: For TRS and MUS-RP, healthy mortality is assumed to follow the RP-2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP-2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years for males, set back two years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, healthy mortality is assumed to follow the RP-2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Mortality - Disabled: For TRS and MUS-RP, disabled mortality is assumed to follow the RP-2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, disabled mortality is assumed to follow the RP-2000 Combined Mortality Table with no projections.

Changes in actuarial assumptions and methods since last measurement date: Changes in actuarial methods include the adjustment of the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rates arebased upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements. Lapse rates were removed to reflect a return to standard retiree contribution levels, added employees covered by the MUS-RP were taken into account; changes in revised rates based on actual data and projected trend and projected healthcare trend rates were updated to follow the Getzen model.

Changes in benefit terms since last measurement date: Changes were implemented to ensure the financial health of the plan, while still providing a rich selection of benefits:

- Increased participant deductible,
- Increased out-of-pocket limits for medical and prescription drub coverage
- Increased visit copays,
- Pharmacy benefits were transitioned from URx to Navitus as of July 1, 2017,
- Employer group waiver program for Medicare retirees became effective July 1, 2017,
- A combined annual visit max of 30 for multiple therapy services, and
- Massage therapy was reclassified as a rehabilitation benefit.

Sensitivity of the TOL to changes in the healthcare cost trend rates:

The following presents the Total OBEP Liability if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
KGLT's Proportionate Share	$ 17,939	$ 21,591	$ 26,827

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OBEP Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2018 20-year municipal bond rate:

	Assuming 1.0% Decrease (2.89%)	Current Rate (3.89%)	Assuming 1.0% Increase (4.89%)
KGLT's Proportionate Share of Total OPEB Liability	$ 26,170	$ 21,591	$ 17,758

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Financial and plan information— The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana’s Basic Financial Statements, included in the Comprehensive Annual Financial Report (CAFR). A copy of the most recent CAFR can be obtained online at http://afsd.mt.gov/CAFR/CAFR.asp or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

Information presented in these financial statements for the year ended June 30, 2017, follows the requirements of GASB Statement No. 45, as information as not available to restate earlier year financial information. As of and for the year ended June 30, 2017, the plan was considered to be a multi-employer agent plan. All units of the MUS funded the post-employment benefits on a pay-as-you-go basis from general assets. The University’s annual other post-employment benefit (OPEB) cost (expense) was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The calculated ARC represented an amount that, if funded, would cover normal cost each year and amortize any unfunded actuarial liability over a period of 30 years. The most recent actuarial determination using the GASB Statement No. 45 methodology was based on plan information as of July 1, 2015. At that time, the number of active University participants in the health insurance plan was 3,097. The total number of inactive (retiree and dependent) participants was 931. During the year ended June 30, 2017, the University contributed $47,749,840, which was calculated based on a contribution rate per actively employed participant, whose annual covered payroll totaled $207,301,264 as of the last actuarial valuation. Included within this amount, the University was deemed to have contributed $1,820,866, for retirees or their dependents during 2017. The percentage of annual OPEB cost contributed to the plan was 34% for 2017. The funded status of the plan as of June 30 was 0% for each of the previous three years.

Prior to adoption of GASB Statement No. 75, the Station's OPEB obligations were computed as follows:

Year Ended June 30,		2017
Annual Required Contribution	$	6,528
Interest on net OPEB Obligation		2,349
Amortization on net OPEB Obligation		(2,558)
Annual OPEB cost		6,319
Contributions made		(2,109)
Increase to net OPEB obligation		4,210
Net OPEB obligation - beginning of year		73,751
Net OPEB obligation - end of year (prior to restatement)	$	77,961

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial methods and assumptions prior to 2018 - Prior to 2018, the projected unit credit funding method was used to determine the cost of the MUS System Employee Group Benefits Plan. This method's objective is to fund each participant benefits under the plan as they accrue. The total benefit to which each participant is expected to become entitled at retirement is categorized into units, each associated with a year of past or future credited service. The actuarial assumptions included marital status at retirement, mortality rates and retirement age:

Method Interest/ Discount	30-year, level percent of pay amortization on an open basis
Rate	4.25%
Projected payroll increases	2.50%
Healthcare cost trend rate	-8.0% (Medical and Prescription) for the initial year; -Rates decreasing from 7.5% to 5.0% for years 2016 - 2021 -4.5% (Medical and Prescription) in 2022 and beyond
Participation	50% of future retirees are assumed to elect coverage at the time of retirement, 60% of future eligible spouses of future retirees are assumed to elect coverage

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Such events include assumptions about future employment, mortality rates, and healthcare cost trends. Amounts are subject to continual review and revision as actual results are compared with past expectations and new estimates are made. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective, and as such, may include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 6: In-Kind Donations and Indirect Support

The following in-kind donations were recorded for the years ended June 30:

	2018	2017
Donated facilities and utilities	$ 65,063	$ 47,554
Donated FCC license - transmitter	32,599	-
Pension contributions	3,093	3,041
Fund drive incentive donations	64,233	54,238
Total in-kind donations and indirect support	$ 164,988	$ 104,833

Note 7: Unearned Revenue

Cash advances received through community service grants from the Corporation for Public Broadcasting are recorded as unearned revenue when received and revenues are recognized when expenditures of the grant funds are incurred.

Note 8: Concentrations and Contingencies

The Station operates its programs with the aid of funding primarily from (1) CPB CSG grants, (2) support from the Montana University System, (3) public contributions and (4) underwriting. A major reduction in the level of support from any of these funding sources could have a negative impact on the Station's ability to maintain its current programs.

The Station must use its CSGs within a two year grant period. Any unexpended funds must be returned to CPB. Although it is a possibility that the funds could not be spent within the grant period, the management of the Station deems the contingency remote.

Note 9: Change in Estimate of Prior Year's Finanical Statements

The accompanying financial statements as of and for the year ended June 30, 2017 beginning unrestricted net assets have been corrected to account for the implementation of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note 10: Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2018. This analysis has been performed through January 14, 2019, the date the financial statements were available to be issued. There were no material events that were required to be incorporated and disclosed in these financial statements.

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

The MUS OPEB plan has not established a trust to accumulate employer contributions; as such, net assets are not considered irrevocable, legally required to be used to provide OPEB to plan members, or protected from creditors.

Total OPEB Liability	2018
Service cost	$ 1,297
Interest on total OPEB liability	919
Differences between actual and expected experience changes in assumptions of other input	(2,499)
Benefit payments	(443)
Net change in total OPEB liability	(726)
Total OPEB liability - beginning of year	77,961
Restatement	(55,644)
Total OPEB liability - beginning of year restated	22,317
Total OPEB liability - end of year	$ 21,591

Measurement Year	KGLT's Proportion of the OPEB Liability	KGLT's Share of the OPEB Liability	KGLT's Covered Payroll	KGLT's share of the OPEB Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	0.06%	$ 21,591	$ 268,879	8.03%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note to Required Supplementary Information - OPEB

Other Post - Employment Benefits (OPEB) Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Changes to the plan that affect trends will be reported as they occur in the future.

PERS Required Supplementary Information

Schedule of KGLT's Proportionate Share of the Net Pension Liability for PERS

Year	KGLT's Proportion of the NPL	KGLT's Share of the NPL	KGLT's Covered Payroll	KGLT's share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	0.00%	$ 130,985	$ 125,219	111.44%	79.90%
2016	0.00%	$ 150,439	$ 125,219	121.71%	78.40%
2017	0.00%	$ 173,493	$ 130,819	143.92%	74.71%
2018	0.00%	$ 197,563	$ 139,726	157.99%	73.75%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of KGLT's Contribution to PERS

Year	Contractually Required Contributions	Contributions Made *	Excess/ (Deficiency)	KGLT's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 11,708	$ 11,708	$ -	$ 125,219	9.35%
2016	$ 12,059	$ 12,059	-	$ 130,368	9.25%
2017	$ 11,656	$ 11,656	-	$ 130,819	8.91%
2018	$ 12,254	$ 12,254	$ -	$ 139,726	8.77%

*Includes contributions made as a percent of MUS-RP covered payroll as well as PERS covered payroll at statutory rates.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the PERS schedules:

Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (shown net of pension plan investment expense, including inflation)	Expenses/ Other
June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	29.3 years	4-year smoothed market	3.0%	General Wage Growth - 4.00% Merit - 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll GABA - 3.0% or 1.5% for hires after July 1, 2007
June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth 4.00% Merit - 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll **
June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	27.2 years	4-year smoothed market	3.0%	General Wage Growth 4.00% Merit - 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll **
June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	2.75%	General Wage Growth 4.00% Merit - 0% - 4.8%	7.65%	0.27% administrative expenses as a % of payroll **
June 30, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth 4.00% Merit - 0% - 4.8%	7.65%	0.26% administrative expenses as a % of payroll **

**GABA - 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired after July 1, 2013: 1.5% for each year PERS is funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more.

Scheduleis intended to show information for 10 years. Additonal years will be displayed as they become available.

2013 Legislative Changes to Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the memberâ€™s benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the memberâ€™s benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013
  - a) 1.5% each year PERS is funded at or above 90%
  - b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
  - c) 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes:

General Revisions House Bill 101, effective January 1, 2016

Second Retirement Benefit for PERS

1) Applies to PERS members who return to active services on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
- refund of member’s contributions from second employment plus regular interest (currently 0.25%);
- no service credit for second employment;
- start same benefit amount the month following termination; and
- GABA starts again in the January immediately following second retirement.

2) For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
- member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
- GABA starts in the January after receiving recalculated benefit for 12 months.

3) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
- refund of member’s contributions from second employment plus regular interest (currently 0.25%);
- no service credit for second employment;
- start same benefit amount the month following termination; and,
- GABA starts again in the January immediately following second retirement.

4) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
- member receives same retirement benefit as prior to return to service;
- member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
- GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015
Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUSRP member's account.

2017 Legislative Changes:

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - for PERS

If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Terminating Employers - Recovery of actuary costs - for PERS
Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds
1)Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2)Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders
If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members
PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

PERS Statutory Appropriation - House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

1)FY2018 - $31.386 million
2)FY2019 - $31.958 million
3)Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:

- a.FY2020 - $32.277 million
- b.FY2021 - $32.6 million
- c.FY2022 - $32.926 million
- d.FY2023 - $33.255 million
- e.FY2024 - $33.588 million
- f.FY2025 - $33.924 million

Supplementary Information

KGLT-FM and Friends

A Public Telecommunications Entity Operated by

The Board of Regents-Montana University System

SUPPLEMENTARY INFORMATION

Consolidating Reconciliation Schedule of Revenues to Schedule F of AFR

For the year ended June 30, 2018	KGLT	Friends of KGLT	Eliminations	Total	Schedule F	Difference
OPERATING REVENUES						
Operating revenues	$ 138,682	$ -	$ -	$ 138,682	$ 138,682	$ -
OPERATING EXPENSES						
Broadcasting	118,394	300	-	118,694		
Programming and production	125,157	1,740	-	126,897		
Program information and promotion	23,625	-	-	23,625		
Management and general	149,324	158	-	149,482		
Fundraising and membership development	173,290	1,000	-	174,290		
Solicitation and underwriting	33,596	-	-	33,596		
Land, buildings and equipment	6,901	1,548	-	8,449		
Contributions to affiliates	-	8,500	(8,500)	-		
Total operating expenses	630,287	13,246	(8,500)	635,033		
OPERATING LOSS	(491,605)	(13,246)	8,500	(496,351)		
NONOPERATING REVENUES						
Contributions from fund drive	232,407	-	(8,400)	224,007		
Other foundation grants	5,428	100	(100)	5,428		
Grants from CPB	146,779	-	-	146,779		
In-kind donations	96,832	-	-	96,832		
Support from the Montana University System:						
Montana State University	68,156	-	-	68,156		
Associated Students of Montana State University	4,324	-	-	4,324		
Investment income	520	-	-	520		
Contributions-other	-	10,581	-	10,581		
Total nonoperating revenues	554,446	10,681	(8,500)	556,627	556,107	520
OTHER REVENUE						
Investment interest	-	-	-	-	520	(520)
CHANGE IN NET POSITION	62,841	(2,565)	-	60,276		
NET POSITION, beginning of year	(159,178)	40,547	-	(118,631)		
RESTATED, beginning of year for OPEB	55,644	-	-	55,644		
NET POSITION, end of year	$ (40,693)	$ 37,982	$ -	$ (2,711)		

Schedule F Revenues, Line E	695,309
Total Revenues Per Financial Statements	695,309
Difference	$ -