

# **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, 2016 and 2015

## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2016**

Celebrating its 49th year in existence, KGLT-FM ("The Station" or "KGLT"), is a college radio station and a program of The Associated Students of Montana State University (MSU). It is non-commercial, educational, has live announcers, and an open music format. Located on the Bozeman campus of MSU, KGLT is licensed to the Board of Regents of the Montana University System. The Station has one transmitter located in Logan, Montana. Additionally, it has four translators that are located in Mammoth Hot Springs, Wyoming and Bozeman, Helena, and Livingston, Montana.

Known as "alternative public radio in Southwest Montana," KGLT's diverse live shows are played by 90 volunteer announcers trained in nine week long apprentice classes offered by the station three times per year. KGLT writes and produces approximately 2,000 public service announcements annually, supports local talent, has an open door policy to the public and is a safe zone for LGBTQIQ (lesbian, gay, bisexual, transgender, queer, intersex, questioning) community members.

KGLT supports local and visiting talent with on-air live performances. Local programming is created relevant to community needs. Those programs include Montana Medicine Show, now in its seventh year; fishing, skiing, and avalanche reports; and three community calendars to keep 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.

A related fund raising entity, Friends of KGLT ("Friends"), is a non-profit 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 the Associated Students of Montana State University (ASMSU), the Corporation for Public Broadcasting (CPB), foundations, area businesses, and listeners.

### **Financial Reporting Standards**

KGLT-FM follows standards established by CPB, 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 non-exchange transactions (including grants, donations, and other support) revenues are classified as non-operating. While all revenue received is used for KGLT operations, 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 "non-operating."

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 has 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 2014 and 2015, and 2015 with 2016, 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, of which KGLT- FM is one of 22 committees; as well as Friends' financial information. All KGLT funds are internally managed through 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 "Non-operating." Operating revenues are the result of transactions involving exchanges of goods or services for substantially equal value, while non-operating 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; however, KGLT supporters reading this report will see that June 2016 available cash balances are stable, and cash flows were sufficient to cover expenses.

## **Financial Summary**

In FY 2016, cash balances increased \$28,398 as earned revenues and contributions exceeded expenses incurred. The Station's Net Position increased by \$26,528 in FY 2016, 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 for the Station only, without Friends information:

	As of June 30,		
	2016	2015	2014
<b>ASSETS</b>			
Total current assets	\$ 248,780	\$ 216,954	\$ 181,431
Capital assets, net	30,331	22,206	24,196
Other assets	15,000	15,000	15,000
<b>Total assets</b>	<b>294,111</b>	<b>254,160</b>	<b>220,627</b>
<b>DEFERRED OUTFLOW OF RESOURCES - PENSIONS</b>	<b>14,842</b>	<b>12,300</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 308,953</b>	<b>\$ 266,460</b>	<b>\$ 220,627</b>
<b>LIABILITIES</b>			
Total current liabilities	\$ 186,742	\$ 177,565	\$ 166,342
Total noncurrent liabilities	240,950	213,964	77,228
<b>Total liabilities</b>	<b>427,692</b>	<b>391,529</b>	<b>243,570</b>
<b>DEFERRED INFLOW OF RESOURCES - PENSIONS</b>	<b>13,646</b>	<b>33,844</b>	<b>-</b>
<b>NET POSITION</b>			
Unrestricted	(162,716)	(181,119)	(47,139)
Net investment in capital assets	30,331	22,206	24,196
<b>Total net position</b>	<b>(132,385)</b>	<b>(158,913)</b>	<b>(22,943)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 308,953</b>	<b>\$ 266,460</b>	<b>\$ 220,627</b>

During FY 2016, the following events occurred and had a significant impact on the statement of net position:

- Liabilities increased overall in the current year partly due to slight increases in insurance benefits, accrued compensated absences, unearned grant revenue and pension liability.
- Both the deferred inflow and deferred outflow of resource changed as a result of pension obligation fluctuations.
- Net position improved during FY 2016 as discussed in the following section.

#### **Statements of Revenues, Expenses and Changes in Net Position**

Revenues and expenses are categorized as either operating or non-operating. Following accrual accounting methods, current year's revenues and expenses are recognized when they are earned or incurred, regardless of when cash is received or paid.

The following information is for the Station only, and does not include Friends information:

	As of and for the Year Ended June 30,		
	2016	2015	2014
Operating revenues	\$ 117,547	\$ 117,341	\$ 97,437
Operating expenses	516,447	529,318	511,057
Operating income (loss)	(398,900)	(411,977)	(413,620)
Nonoperating revenues	425,428	433,606	389,183
Change in net position	26,528	21,629	(24,437)
Net position, beginning of year	(158,913)	(22,943)	(10,253)
Net position, restatement of beginning balance	-	(157,599)	11,747
Net position, end of year	\$ (132,385)	\$ (158,913)	\$ (22,943)

Operating revenues primarily consist of underwriting, which increased 3% in FY 2016 to \$114,832, while FY 2015 brought in \$111,631, 13% over FY 2014. KGLT management sees economic growth of its main listening community, Bozeman, as a key factor to continued high levels of underwriting revenue. Also, more underwriting interest has occurred in the next largest listening area, Helena, where KGLT has joined the Chamber of Commerce.

Total operating expenses decreased \$12,871, or 2% in FY 2016. There were slight increases in salaries and benefits but decreases in machinery expense and expenses related to fund drive incentives.

Non-operating revenues decreased by \$8,178 from FY 2015 due to fewer donations of goods required for the annual fund drive. KGLT was able to use incentives from the prior year and invested in restaurant coupons because of their sure value as incentives for the fund drive. FY 2016 fund drive revenues hit a record high, surpassing the prior year by 3% for a total of \$183,000 in pledges and \$169,504 collected by fiscal year end compared to \$156,374 in FY 2015 and \$140,583 in FY 2014.

The increase in fund drive collections is attributed to higher amounts pledged, a price raise for incentives to accommodate higher wholesale and postage as well as frequent and regular billing. Restricted gifts rose from \$18,000 in FY 2014 to \$31,000 in FY 2015 to \$43,000 in FY 2016. Restricted gifts are from two primary sources. Funds for salaries, special programming, and operations are provided by Friends of KGLT, Golden Pearl Foundation, Gilhousen Foundation, Center for Car Donations, and the MSUAF. 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. Restricted Gifts in FY 2014 also came from the same foundations except MSUAF.

ASMSU provides yearly financial support to the Station for its operations budget. Each year the Station presents an operations budget to ASMSU, as the Station is 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 2016, the Station drew \$11,000 from ASMSU, one third of the authorized support amount. In FY 2015, less than 50% of the requested amount, or \$17,200 of ASMSU funds were drawn. The amount of student support in FY 2015 was lower by roughly \$11,200 from FY 2014. This trend of requiring less support from ASMSU is due to increases in fund drive and underwriting revenues.

## Statements of Cash Flows

The Statements of Cash Flows describes 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 the 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 for the Station only, excluding Friends of KGLT information.

	As of and for the Year Ended June 30,		
	2016	2015	2014
Cash provided by (used in):			
Operating activities	\$ (303,789)	\$ (304,220)	\$ (302,762)
Non-capital financing activities	342,484	332,633	315,604
Investing activities	(10,297)	29	17
Net increase in cash	28,398	28,442	12,859
Cash, beginning of year	197,434	168,992	156,133
Cash, end of year	\$ 225,832	\$ 197,434	\$ 168,992

During FY 2016, \$28,398 of cash was generated. This was due to foundation and donation support which exceeded operating cash flows. Investing activities included the purchase of an eighteen channel sound board.

### Discussion of Significant Pending Economic and Financial Issues:

#### **Eighteen Channel Board for Air Studio to Accommodate Digital Library**

In FY 2016, an eighteen channel sound board for the air studio was purchased. Its purpose is to improve the sound of the Station. The digitization process of the 65,000-plus CD library continues, and is in its fourth year. The library is two-thirds complete and the result is that all 90 announcers can create folders and subfolders of music to store at the Station, allowing playlists to become even more diverse and inventive. The Station would like to move into more streams but the reporting process for web streaming is very detailed and may require being fully digital. The mediums from which the announcers pull music now range from cherished vinyl to computer to cassette, making required reporting a challenge for more streams.

#### **New Transmitter Signal in Helena, Montana**

Plans are underway to have a stronger presence in the state capitol of Helena, where 18% of fund drive support originates. The Station has joined the Chamber of Commerce there (as well as in Bozeman) to start connecting with more businesses. The new signal is part of an understanding between Yellowstone Public Radio (also a CPB recipient), KGLT and Last Chance Public Radio Association (LCPRA) in Helena. LCPRA supports Montana Public Radio as well and seeks to maintain quality public radio programming in Helena. The original translator in Helena, 98.1, was financially supported by them in part, twenty years ago. KGLT has gained 3,000 listeners in the past year, raising listenership from 8,500 to 11,800. Management hopes to add hundreds more in Helena, thereby increasing financial support.

## **Corporation for Public Broadcasting Transparency Requirements**

The Station maintains diligently the CPB requirements of accountability and transparency on its website. Interested parties including foundations, potential underwriters and new listeners can go to the 'About' section at [www.kglt.net](http://www.kglt.net) and view the Station's financial reports and mission statement, read its open door policy and Management's Discussion and Analysis. KGLT's relationship with CPB has created respect in the listening communities served by the 49-year-old Station. KGLT's vision is to exist always, with live announcers playing great music, sharing community information and interesting local and national programming.

## **Monthly Payment options**

The monthly pledge payment option offered through the Montana State Alumni Foundation is successful. The alumni staff is incredibly supportive of the Station, calling donors, working with them as donor information needs to be updated.

## **Estate Planning and Corporate Support**

The Planned Giving page is on [www.kglt.net](http://www.kglt.net) and in its first incarnation as of FY 2017. Additionally, the search for matching funds for the annual fund drive is key for the Station's growth. KGLT continues to approach businesses in the Station's major listening area for matching support.

## **Friends of KGLT**

The newer board of Friends of KGLT co-hosted or hosted 11 events in FY 2016, eight of which were in two of the most popular pizza restaurants in Bozeman, one in the neighboring town of Belgrade, one in the state capitol of Helena, and a very successful music sale on campus. In FY 2017, another music sale is planned, a bountiful brunch attended by listeners has already taken place and at least three more events are planned.

## **Year End Giving**

Year end giving brought in approximately \$3,000 in FY 2016. Management is optimistic that the Planned Giving Page and car donations produce additional revenues in FY 2017. Recapturing lapsed donors from the year prior has proven fruitful. As KGLT grows, efficiency of the bare bones staff becomes more and more important. In FY 2017, the Station is launching a page to sell inventory from past fund drives, with the intent of going live in December 2016.

## **Associated Students of Montana State University (ASMSU)**

The Station is one of 22 programs of ASMSU. ASMSU has supported KGLT every year by supplementing the operations budget. At one time, many years ago, ASMSU covered approximately 95% of the KGLT budget. Currently, that number is inverted and approximately 95% of the operations budget is raised by KGLT. Management is proud that KGLT is nearly self-supporting, which is possible due to it being one of the top stations in the Gallatin Valley.

## **Compiling a Process Description of the Operations of KGLT and Continuing to Streamline Tasks**

Management continues to focus on how to grow the Station and extend its roots, expending energy only in the appropriate areas. Developing the online store, joining Chambers of Commerce, and relying on the non-profit arm to create Friend/Fund Raisers are efficient paths to growth. Management will remain committed to what people love about KGLT and have loved for generations. KGLT is community radio. There is a strong and loyal relationship between the station and its listeners, who grow together and care for each other. Management will work to improve internal operations by creating a more comprehensive operations manual for each role within KGLT. This may reveal areas of process improvement and provide any new employees with an understanding of roles and requirements of each job within the entity so all can work most efficiently to move the Station forward with optimal levels of effort.

## **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 nearly ten years. In that time, the Station has become part of the American Archive Project, has added and strengthened signal, has been able to extend its reach to many more listeners and carry on what is soon to become a 50 year tradition. Thanks to its long partnership with CPB, KGLT-FM has been able to achieve its goals in keeping with CPB's vision and that of KGLT. Long live public radio.





## **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, 2016 and 2015, 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, 2016 and 2015, and their results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

## **Emphasis of Matter**

As discussed in Note 10 to the financial statements, a prior period adjustment has been made to the financial statements due to the implementation of *Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis, and schedule of funding status for other post-retirement benefits for health insurance, and schedule of net pension liability 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 40 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

December 28, 2016  
Bozeman, Montana

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
Statements of Net Position

<i>June 30, 2016</i>	KGLT	Friends of KGLT	Total
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 225,832	\$ 16,995	\$ 242,827
Accounts receivable	4,872	-	4,872
Pledges receivable	11,873	-	11,873
Prepaid expenses	6,203	-	6,203
Total current assets	248,780	16,995	265,775
<b>NONCURRENT ASSETS</b>			
Capital assets, net	30,331	25,855	56,186
Other intangible assets	15,000	-	15,000
Total noncurrent assets	45,331	25,855	71,186
<b>TOTAL ASSETS</b>	<b>294,111</b>	<b>42,850</b>	<b>336,961</b>
<b>DEFERRED OUTFLOW OF RESOURCES - PENSIONS</b>	<b>14,842</b>	<b>-</b>	<b>14,842</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 308,953</b>	<b>\$ 42,850</b>	<b>\$ 351,803</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 3,232	\$ -	\$ 3,232
Deferred revenue	1,200	-	1,200
Unearned grant revenue	142,506	-	142,506
Wages payable	21,649	-	21,649
Accrued compensated absences	18,155	-	18,155
Total current liabilities	186,742	-	186,742
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	16,760	-	16,760
Other post-employment benefits	73,751	-	73,751
Net pension liability	150,439	-	150,439
Total noncurrent liabilities	240,950	-	240,950
<b>TOTAL LIABILITIES</b>	<b>427,692</b>	<b>-</b>	<b>427,692</b>
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	<b>13,646</b>	<b>-</b>	<b>13,646</b>
<b>NET POSITION</b>			
Unrestricted	(162,716)	16,995	(145,721)
Net investment in capital assets	30,331	25,855	56,186
Total net position	(132,385)	42,850	(89,535)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 308,953</b>	<b>\$ 42,850</b>	<b>\$ 351,803</b>

See accompanying notes to financial statements

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
Statements of Net Position

<i>June 30, 2015</i>	KGLT	Friends of KGLT	Total
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 197,434	\$ 7,944	\$ 205,378
Accounts receivable	3,757	-	3,757
Pledges receivable	13,731	-	13,731
Prepaid expenses	2,032	-	2,032
Total current assets	216,954	7,944	224,898
<b>NONCURRENT ASSETS</b>			
Capital assets, net	22,206	27,403	49,609
Other intangible assets	15,000	-	15,000
Total noncurrent assets	37,206	27,403	64,609
<b>TOTAL ASSETS</b>	<b>254,160</b>	<b>35,347</b>	<b>289,507</b>
<b>DEFERRED OUTFLOW OF RESOURCES - PENSIONS</b>	<b>12,300</b>	<b>-</b>	<b>12,300</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 266,460</b>	<b>\$ 35,347</b>	<b>\$ 301,807</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 3,956	\$ -	\$ 3,956
Unearned grant revenue	138,243	-	138,243
Wages payable	19,860	-	19,860
Accrued compensated absences	15,506	-	15,506
Total current liabilities	177,565	-	177,565
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	14,316	-	14,316
Other post-employment benefits	68,663	-	68,663
Net pension liability	130,985	-	130,985
Total noncurrent liabilities	213,964	-	213,964
<b>TOTAL LIABILITIES</b>	<b>391,529</b>	<b>-</b>	<b>391,529</b>
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	<b>33,844</b>	<b>-</b>	<b>33,844</b>
<b>NET POSITION</b>			
Unrestricted	(181,119)	7,944	(173,175)
Net investment in capital assets	22,206	27,403	49,609
Total net position	(158,913)	35,347	(123,566)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 266,460</b>	<b>\$ 35,347</b>	<b>\$ 301,807</b>

See accompanying notes to financial statements

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
Statements of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2016</i>	KGLT	FRIENDS OF KGLT	TOTAL
<b>OPERATING REVENUES</b>			
Operating revenues	\$ 117,547	\$ -	\$ 117,547
<b>OPERATING EXPENSES</b>			
Broadcasting	103,006	-	103,006
Programming and production	132,651	-	132,651
Program information and promotion	21,442	-	21,442
Management and general	86,129	70	86,199
Fundraising and membership development	134,785	1,600	136,385
Solicitation and underwriting	32,296	-	32,296
Land, buildings and equipment	6,138	1,548	7,686
Contributions to affiliates	-	12,265	12,265
<b>Total operating expenses</b>	<b>516,447</b>	<b>15,483</b>	<b>531,930</b>
<b>OPERATING LOSS</b>	<b>(398,900)</b>	<b>(15,483)</b>	<b>(414,383)</b>
<b>NONOPERATING REVENUES</b>			
Contributions from fund drive	179,247	-	179,247
Other foundation grants	32,361	7,665	40,026
Grants from CPB	113,720	-	113,720
In-kind donations	37,752	-	37,752
Support from the Montana University System			
Montana State University	51,165	-	51,165
Associated Students of Montana State University	11,035	-	11,035
Investment Income	148	-	148
Contributions-other	-	15,321	15,321
<b>Total nonoperating revenues</b>	<b>425,428</b>	<b>22,986</b>	<b>448,414</b>
<b>CHANGE IN NET POSITION</b>	<b>26,528</b>	<b>7,503</b>	<b>34,031</b>
<b>NET POSITION, beginning of year</b>	<b>(158,913)</b>	<b>35,347</b>	<b>(123,566)</b>
<b>NET POSITION, end of year</b>	<b>\$ (132,385)</b>	<b>\$ 42,850</b>	<b>\$ (89,535)</b>

See accompanying notes to financial statements

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
Statements of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2015</i>	KGLT	FRIENDS OF KGLT	TOTAL
<b>OPERATING REVENUES</b>			
Operating revenues	\$ 117,341	\$ -	\$ 117,341
<b>OPERATING EXPENSES</b>			
Broadcasting	113,764	-	113,764
Programming and production	127,065	-	127,065
Program information and promotion	21,471	-	21,471
Management and general	97,927	190	98,117
Fundraising and membership development	130,377	1,109	131,486
Solicitation and underwriting	33,644	-	33,644
Land, buildings and equipment	5,070	1,548	6,618
Contributions to affiliates	-	10,063	10,063
<b>Total operating expenses</b>	<b>529,318</b>	<b>12,910</b>	<b>542,228</b>
<b>OPERATING LOSS</b>	<b>(411,977)</b>	<b>(12,910)</b>	<b>(424,887)</b>
<b>NONOPERATING REVENUES</b>			
Contributions from fund drive	171,159	-	171,159
Other foundation grants	35,040	5,000	40,040
Grants from CPB	109,605	-	109,605
In-kind donations	49,458	-	49,458
Support from the Montana University System			
Montana State University	51,094	-	51,094
Associated Students of Montana State University	17,221	-	17,221
Investment Income	29	-	29
Contributions-other	-	3,654	3,654
<b>Total nonoperating revenues</b>	<b>433,606</b>	<b>8,654</b>	<b>442,260</b>
<b>CHANGE IN NET POSITION</b>	<b>21,629</b>	<b>(4,256)</b>	<b>17,373</b>
<b>NET POSITION, beginning of year as originally reported</b>	<b>(22,943)</b>	<b>39,603</b>	<b>37,861</b>
<b>NET POSITION, restatement of beginning balance - pensions</b>	<b>(157,599)</b>	<b>-</b>	<b>(157,599)</b>
<b>NET POSITION, end of year</b>	<b>\$ (158,913)</b>	<b>\$ 35,347</b>	<b>\$ (123,566)</b>

See accompanying notes to financial statements

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
Statements of Cash Flows

<i>Year Ended June 30, 2016</i>	KGLT	Friends of KGLT	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other operating revenues	\$ 117,632	\$ -	\$ 117,632
Compensation and benefits	(249,382)	-	(249,382)
Operating expenses	(172,039)	(13,935)	(185,974)
Net cash used in operating activities	(303,789)	(13,935)	(317,724)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
ASMSU support	11,035	-	11,035
Community service grants	150,344	-	150,344
Receipts from fund drive	181,105	-	181,105
Donations	-	22,986	22,986
Net cash provided by non-capital financing activities	342,484	22,986	365,470
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	148	-	148
Purchase of property and equipment	(10,445)	-	(10,445)
Net cash used in investing activities	(10,297)	-	(10,297)
NET INCREASE IN CASH	28,398	9,051	37,449
CASH, beginning of year	197,434	7,944	205,378
CASH, end of year	\$ 225,832	\$ 16,995	\$ 242,827
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating loss	\$ (398,900)	\$ (15,483)	\$ (414,383)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Non-cash university support	51,165	-	51,165
In-kind operational expenses	37,752	-	37,752
Depreciation	2,320	1,548	3,868
Change in operating assets and liabilities:			
Accounts receivable	(1,115)	-	(1,115)
Prepaid expenses	(4,171)	-	(4,171)
Accounts payable	(724)	-	(724)
Deferred revenue	1,200	-	1,200
Wages payable	1,789	-	1,789
Compensated absences	5,093	-	5,093
Other post-employment benefits	5,088	-	5,088
Net pension liability and related deferred inflows and outflows	(3,286)	-	(3,286)
Net cash used in operating activities	\$ (303,789)	\$ (13,935)	\$ (317,724)

See accompanying notes to financial statements

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
**The Board of Regents-Montana University System**  
**Statements of Cash Flows**

<i>Year Ended June 30, 2015</i>	KGLT	Friends of KGLT	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other operating revenues	\$ 118,712	\$ -	\$ 118,712
Compensation and benefits	(241,657)	-	(241,657)
Operating expenses	(181,275)	(11,362)	(192,637)
Net cash used in operating activities	(304,220)	(11,362)	(315,582)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
ASMSU support	17,221	-	17,221
Community service grants	154,172	-	154,172
Receipts from fund drive	161,240	-	161,240
Donations	-	8,652	8,652
Net cash provided by non-capital financing activities	332,633	8,652	341,285
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	29	-	29
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>28,442</b>	<b>(2,710)</b>	<b>25,732</b>
CASH, beginning of year	168,992	10,654	179,646
CASH, end of year	\$ 197,434	\$ 7,944	\$ 205,378
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating loss	\$ (411,977)	\$ (12,910)	\$ (424,887)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Non-cash university support	51,094	-	51,094
In-kind operational expenses	49,458	-	49,458
Depreciation	1,990	1,548	3,538
Change in operating assets and liabilities:			
Accounts receivable	1,372	-	1,372
Prepaid expenses	1,466	-	1,466
Accounts payable	1,397	-	1,397
Wages payable	(867)	-	(867)
Compensated absences	2,244	-	2,244
Other post-employment benefits	4,673	-	4,673
Net pension liability and related deferred inflows and outflows	(5,070)	-	(5,070)
Net cash used in operating activities	\$ (304,220)	\$ (11,362)	\$ (315,582)

See accompanying notes to financial statements



**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
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Notes to Financial Statements

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## **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.

### **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, 2016 and 2015.

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.

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
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Notes to Financial Statements

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**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 of America 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, 2016 and 2015.

**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.

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
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Notes to Financial Statements

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**Note 1: Summary of Significant Accounting Policies** (Continued)

**Other Intangible Assets**

The Station purchased a broadcasting license in 2010, which is being reported at cost. 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 operations. No impairment indicators existed in fiscal years 2016 and 2015.

**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, 2008, the University adopted Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The University 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 5.

**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.

**KGLT-FM and Friends**  
**A Public Telecommunications Entity Operated by**  
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Notes to Financial Statements

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**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, 2016 and 2015, 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, 2016 and 2015, 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 results 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 positions.

**KGLT-FM and Friends**  
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Notes to Financial Statements

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**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, 2016 and 2015, 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 and management believes all pledges receivables to be collectible.

**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.

**KGLT-FM and Friends**  
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Notes to Financial Statements

**Note 1: Summary of Significant Accounting Policies** (Continued)

**Advertising**

Advertising costs are expensed as incurred and were \$5,336 and \$6,774 for the years ended June 30, 2016 and 2015, 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).

**Note 2: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Transfers and Other Charges	Balance June 30, 2016
Transmission equipment	\$ 39,577	\$ -	\$ -	\$ 39,577
Studio and broadcast equipment	63,905	10,445	(15,000)	59,350
<b>Total capital assets</b>	<b>103,482</b>	<b>10,445</b>	<b>(15,000)</b>	<b>98,927</b>
Less accumulated depreciation for:				
Transmission equipment	22,274	1,583	-	23,857
Studio and broadcast equipment	31,599	2,285	(15,000)	18,884
<b>Total accumulated depreciation</b>	<b>53,873</b>	<b>3,868</b>	<b>(15,000)</b>	<b>42,741</b>
<b>Capital assets, net</b>	<b>\$ 49,609</b>	<b>\$ 6,577</b>	<b>\$ -</b>	<b>\$ 56,186</b>

**KGLT-FM and Friends**  
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Notes to Financial Statements

**Note 2: Capital Assets** (Continued)

Following are the changes in capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Transfers and Other Charges	Balance June 30, 2015
Transmission equipment	\$ 39,577	\$ -	\$ -	\$ 39,577
Studio and broadcast equipment	63,905	-	-	63,905
<b>Total capital assets</b>	<b>103,482</b>	<b>-</b>	<b>-</b>	<b>103,482</b>
Less accumulated depreciation for:				
Transmission equipment	20,691	1,583	-	22,274
Studio and broadcast equipment	29,643	1,956	-	31,599
<b>Total accumulated depreciation</b>	<b>50,334</b>	<b>3,539</b>	<b>-</b>	<b>53,873</b>
<b>Capital assets, net</b>	<b>\$ 53,148</b>	<b>\$ (3,539)</b>	<b>\$ -</b>	<b>\$ 49,609</b>

**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:

2017	\$ 13,886
2018	14,303
2019	14,732
2020	15,174
2021	17,078
Thereafter	38,774
<b>Total</b>	<b>\$ 113,947</b>

**KGLT-FM and Friends**  
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Notes to Financial Statements

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**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, 2016 were equal to the required contributions for the year:

	2016		2015	
	PERS	ORP	PERS	ORP
Employer contributions	\$ 11,189	\$ 2,832	\$ 10,550	\$ 2,529

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

	PERS
Net Pension Liability	\$ 150,439
Deferred Outflow of Resources	\$ 14,842
Deferred Inflow of Resources	\$ 13,646
Pension Expense (including state share paid on behalf of the University)	\$ 12,383

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 each of the plans. 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.



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Notes to Financial Statements

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**Pension Plans (Continued)**

**PERS**

**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.

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Notes to Financial Statements

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**Pension Plans (Continued)**

**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.

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

**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 –**

In accordance with 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 the 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. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

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**Pension Plans (Continued)**

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

	2016	2015	Percent of Collective NPL at June 30, 2016
KGLT's Proportionate Share	\$ 150,439	\$ 130,985	0%

The NPL was measured as of June 30, 2015, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2014, with update procedures to roll forward the TPL to the measurement date of June 30, 2015. The University's proportion of the NPL was based on the University's contributions received by PERS during the measurement period July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERS' participating employers.

**PERS Changes**

There were no changes in benefits or changes in assumptions during the year.

**Guaranteed Annual Benefit Adjustment (GABA) for PERS**

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 all other adjustments to the member'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
  - 1.5% 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 Pension Expense** for 2016 totaled \$12,383, which included \$8,773 for KGLT's share, as well as \$3,610 for the State of Montana's proportionate share associated with KGLT. KGLT also recognized non-operating revenue of \$3,610 for the support provided by the State of Montana for its proportionate share of the pension expense.

**PERS Deferred Inflows and Outflows**

KGLT recognized a beginning deferred outflow of resources as of July 1, 2014, for KGLT's 2014 contributions of \$12,300.

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**Pension Plans (Continued)**

At June 30, KGLT's share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 910	\$ -	\$ -
Difference between projected and actual investment earnings	-	12,736	-	33,844
Changes in proportion differences between employer contributions and proportionate share of contributions	2,783	-	592	-
Contributions paid to PERS subsequent to the measurement date	12,059	-	11,708	-
<b>Total</b>	<b>\$ 14,842</b>	<b>\$ 13,646</b>	<b>\$ 12,300</b>	<b>\$ 33,844</b>

\*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, 2017.

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
2017	\$ (4,659)
2018	\$ (4,659)
2019	\$ (4,858)
2020	\$ 3,312

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**Pension Plans (Continued)**

**PERS Overview of Contributions-**

Rates are specified by state law for periodic employer and employee contributions. 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 members' 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 8.37% of members' compensation.
- Local government entities are required to contribution 8.27% of members' compensation.
- School district employers contributed 8.00% 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 will increase 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, the additional employer contributions for DCRP and MUS-RP is allocated to the defined benefit plan's Plan Choice Rate unfunded liability. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

**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

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**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.shtm>

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, 2014, is based on the results of an actuarial valuation date of June 30, 2014, with update procedures to roll forward the Total Pension Liability to June 30, 2015. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the last actuarial experience study, dated May 2010 for the six year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

General Wage Growth*	4.00%
*includes Inflation at	3.00%
Merit Increases	0% to 6%
Investment Return	7.75%
Postretirement 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 among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.

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.

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**Pension Plans (Continued)**

**PERS Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.75%. 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 2123. 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.

<b>PERS Target Allocations</b>		
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Rate of Return Arithmetic Basis</b>
Cash Equivalents	2.00%	-0.25%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.10%
Fixed Income	24.00%	1.25%
Private Equity	12.00%	8.00%
Real Estate	8.00%	4.25%
	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 2003 through 2009, is outlined in a report dated June 2010, 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, 2015, is summarized in the above table.

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**Pension Plans (Continued)**

**PERS Sensitivity Analysis**

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

	1.0% Decrease (6.75%)	Current Discount Rate (7.75%)	1.0% Increase (8.75%)
KGLT's Proportionate Share	\$ 231,945	\$ 150,439	\$ 81,610

**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.

Monthly retirement benefits are determined by multiplying 1/56 by the number of years of service by the final average salary (average of three highest years), unless the employee has 25 or more years of service, in which case the multiplier is 1/50. The required contribution rates for active participants and employers are statutorily determined (MCA §19-3-315 and MCA §19-3-316). Members' rights become vested after 5 years of service. Additional information or a separate financial statement can be obtained from the State of Montana, Department of Administration, Public Employees' Retirement Administration, P.O. Box 200131, Helena, MT 59620-0131.

**MUS ORP**

**Montana University System Optional Retirement Program (ORP)**

ORP commenced in January of 1988, and is underwritten by the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). The ORP is a defined contribution plan, established under authority of Title 19, Chapter 21, MCA. Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the ORP, each employee enters into an individual contract with TIAA-CREF (therefore, the employee assumes the investment risk for their investments). The University records employee/employer contributions, and remits monies to TIAA-CREF. Combined contributions cannot exceed 13% of the participants compensation (MCA §19-21-203). Individuals are immediately vested with contributions. Annual reports that include financial statements and required supplemental information on the plan are available from TIAA-CREF, 730 Third Avenue, New York, New York 10017-3206, Phone 1-800-842-2733.



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

Authorization. Montana State law requires state agencies to provide access to health insurance benefits to eligible retirees up to Medicare – eligible age (65) (§2-18-704(1)(a), MCA). The Board of Regents of the Montana University System (MUS), having broad authority to act in the best interests of the MUS, has directed the Office of the Commissioner of Higher Education (OCHE) to provide access to health insurance benefits beyond age 65. Eligible University retirees may participate in the health insurance plan, provided that they contribute to the cost of the plan.

Eligibility. Retirees who are eligible to receive retirement benefits from Teachers Retirement System (TRS) or the Public Employees Retirement System (PERS) at the time employment ceases may participate in the plan. Retirees who are in the Optional Retirement Plan (ORP) (through TIAA-CREF) or any other defined contribution plan associated with the MUS must have worked five or more years and be age 50, or have worked 25 years with the MUS to be eligible for retiree insurance benefits. The MUS's Interunit Benefits Committee, at the direction of the OCHE, sets the premiums for such participation. Until a retiree reaches age 65, individual retiree participation premiums range from \$646 - \$722 per month, depending on the level of deductible and other selected plan features. Upon reaching age 65 (Medicare eligibility), monthly participation premiums range from \$278 - \$310 for an individual retiree. Coverage is also extended to dependents and surviving dependents of the employee.

Financial and plan information. The MUS Group Benefits Plan does not issue a standalone financial report, but is subject to audit as part of the State of Montana's Comprehensive Annual Financial Report (CAFR). A copy of the most recent CAFR can be obtained online at <http://afsd.mt.gov/SAB/CAFR.asp> or by contacting the Montana Department of Administration, P. O. Box 200102, Helena, MT 59620-0102.

The Station's OPEB obligation is:

<i>Years Ended June 30,</i>	2016	2015	2014
Annual Required Contribution	\$ 6,071	\$ 6,218	\$ 5,782
Interest on net OPEB Obligation	2,869	2,719	1,026
Amortization of Net OPEB Obligation	(2,250)	(2,132)	(532)
Annual OPEB Cost	6,690	6,805	6,276
Contribution made	(1,602)	(2,132)	(532)
Increase to net OPEB Obligation	5,088	4,673	5,744
Net OPEB obligation - beginning of year	68,663	63,990	58,246
Net OPEB obligation - end of year	\$ 73,751	\$ 68,663	\$ 63,990

Actuarial Methods and Assumptions. 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's 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, in addition to marital status at retirement, mortality rates and retirement age:

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

Method	30-year, level of percent of pay amortization on an open basis
Interest/Discount 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 about the future. 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: Related Party Transactions**

A volunteer disc jockey is a family member of a granting organization. During the years ended June 30, 2016 and 2015, Friends received grants from this granting organization in the amounts of \$0 and \$4,500, respectively.

**Note 7: In-Kind Donations and Indirect Support**

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

	2016	2015
Donated facilities and utilities	\$ 47,554	\$ 47,554
Pension contributions	3,611	3,540
In-kind services provided by program sponsors	-	4,080
Fund drive incentive donations	37,752	45,378
<b>Total in-kind donations and indirect support</b>	<b>\$ 88,917</b>	<b>\$ 100,552</b>

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**Note 8: 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 9: Concentrations and Contingencies**

The Station operates its programs with 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 10: Beginning Net Position Restatement**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, to improve accounting and financial reporting for pensions. This Statement is effective for fiscal years beginning after June 15, 2014. The Statement establishes among other things, standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense. This statement identifies for defined benefit plans the methods and assumptions that should be used to project benefit payments, to their actuarial present value and attribute the present value to periods of employee service. Additional note disclosure and required supplementary information about pensions are also required by the Statement. The July 1, 2014 balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources is reported in the Statement of Revenues, Expenses and Changes in Net Position as a restatement to the 2015 Net Position, Beginning of year. The Public Employees Retirement System and Teachers' Retirement System were not able to provide sufficient information to restate the June 30, 2014 financial statements. The effect of the changes from the implementation of GASB 68 was to reduce KGLT's previously stated beginning net position of \$22,943 by \$157,599.

**Note 11: Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2016. This analysis has been performed through December 28, 2016, 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**

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 REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Funding Status for Other Post Retirement Benefits for Health Insurance**

The funded status of the plan as of the actuarial valuations dated July 1, 2009, 2011, and 2013 were as follows:

	2011	2013	2015
Actuarial accrued liability (AAL)	\$ 55,421,239	\$ 49,869,358	\$ 54,239,400
Actuarial value of plan assets	-	-	-
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b>\$ 55,421,239</b>	<b>\$ 49,869,358</b>	<b>\$ 54,239,400</b>
Funded percentage (actuarial value of plan assets/AAL)	0.00 %	0.00 %	0.00 %
Covered payroll (active plan member)	\$ 183,870,217	\$ 201,051,981	\$ 207,301,264
UAAL as a percentage of covered payroll	30.14 %	24.80 %	26.16 %

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. Such events include assumptions about future employment, mortality rates, and healthcare cost trends. Actuarially determined amounts are subject to continual review and revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial assumptions included in the valuations, in addition to marital status at retirement, mortality rates and retirement age, were as follows:

<u>Actuarial Valuation Date</u>	<u>2011</u>	<u>2013</u>	<u>2015</u>
Interest/Discount rate	4.25 %	4.25 %	4.25 %
Projected payroll increases	2.50 %	2.50 %	2.50 %
Participant Percentage			
Future retirees assumed to elect coverage at retirement	55.00 %	55.00 %	50.00 %
Future eligible spouses of future retirees assumed to elect coverage	60.00 %	60.00 %	60.00 %

See Independent Auditor's Report

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**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 Employee Payroll	KGLT's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	0.00%	\$ 130,985	\$ 125,219	104.60%	79.90%
2016	0.00%	\$ 150,439	\$ 130,368	115.40%	78.40%

*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 Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 11,708	\$ 11,708	\$ -	\$ 125,219	9.35%
2016	\$ 12,059	\$ 12,059	\$ -	\$ 130,368	9.25%

\*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.*

**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.

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**2015 Legislative Changes (continued):**

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 MUSRP

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.

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SUPPLEMENTARY INFORMATION

**Consolidating Reconciliation Schedule of Revenues to Schedule F of AFR**

	KGLT	Friends of KGLT	Eliminations	Total	Schedule F	Difference
<b>OPERATING REVENUES</b>						
Operating revenues	\$ 117,547	\$ -	\$ -	\$ 117,547	\$ 117,547	\$ -
<b>OPERATING EXPENSES</b>						
Broadcasting	103,006	-	-	103,006		
Programming and production	132,651	-	-	132,651		
Program information and promotion	21,442	-	-	21,442		
Management and general	86,129	70	-	86,199		
Fundraising and membership development	134,785	1,600	-	136,385		
Solicitation and underwriting	32,296	-	-	32,296		
Land, buildings and equipment	6,138	1,548	-	7,686		
Contributions to affiliates	-	12,265	(12,265)	-		
<b>Total operating expenses</b>	<b>516,447</b>	<b>15,483</b>	<b>(12,265)</b>	<b>519,665</b>		
<b>OPERATING LOSS</b>	<b>(398,900)</b>	<b>(15,483)</b>	<b>12,265</b>	<b>(402,118)</b>		
<b>NONOPERATING REVENUES</b>						
Contributions from fund drive	179,247	-	(4,600)	174,647		
Other foundation grants	32,361	7,665	(7,665)	32,361		
Grants from CPB	113,720	-	-	113,720		
In-kind donations	37,752	-	-	37,752		
Support from the Montana University System:						
Montana State University	51,165	-	-	51,165		
Associated Students of Montana State University	11,035	-	-	11,035		
Investment income	148	-	-	148		
Contributions-other	-	15,321	-	15,321		
<b>Total nonoperating revenues</b>	<b>425,428</b>	<b>22,986</b>	<b>(12,265)</b>	<b>436,149</b>	<b>436,001</b>	<b>148</b>
<b>OTHER REVENUE</b>						
Investment interest	-	-	-	-	148	(148)
<b>CHANGE IN NET POSITION</b>	<b>26,528</b>	<b>7,503</b>	<b>-</b>	<b>34,031</b>		
NET POSITION, beginning of year	(158,913)	35,347	-	(123,566)		
<b>NET POSITION, end of year</b>	<b>\$ (132,385)</b>	<b>\$ 42,850</b>	<b>\$ -</b>	<b>\$ (89,535)</b>		

Schedule F Revenues, Line E	553,696
Total Revenues Per Financial Statements	553,696
Difference	<u>\$ -</u>

See Independent Auditor's Report