

ANNUAL  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

**UTAH  
PUBLIC  
RADIO**

**UtahState**  
University

For the Year Ended June 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

# UTAH PUBLIC RADIO

June 30, 2015

---

## TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	2
Management's Discussion and Analysis	5
Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	15
Required Supplementary Information	
Proportionate Share of the Net Pension Liability	27
Schedule of Pension Contributions	28
Supplementary Information	
Statement of Functional Expenses	29



Certified Public Accountants

www.jones-simkins.com

*Logan Office:*

1011 West 400 North, Suite 100  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878

*Salt Lake City Office:*

6715 South 1300 East, Suite 250  
Salt Lake City, UT 84121  
Phone: (801) 561-6026  
Fax: (801) 561-2023

## INDEPENDENT AUDITORS' REPORT

To the Management of  
Utah Public Radio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Utah Public Radio (a department of Utah State University) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Utah Public Radio's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 respective financial position of Utah Public Radio as of June 30, 2015 and 2014, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, in 2015, Utah Public Radio adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Utah Public Radio's basic financial statements. The Statement of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Functional Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Functional Expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of Utah Public Radio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Utah Public Radio's internal control over financial reporting and compliance.



JONES SIMKINS LLC  
Logan, Utah  
December 18, 2015

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis

### For the Year Ended June 30, 2015

---

#### Overview of Financial Statements and Financial Analysis

The following unaudited Management's Discussion and Analysis (MD&A) includes an analysis of Utah Public Radio (UPR) for the fiscal years ended June 30, 2015 and June 30, 2014. The financial statements, footnotes, and this discussion are the responsibility of management. This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

#### Statement of Net Position

The Statement of Net Position outlines UPR's financial condition at fiscal year end. UPR has selected a fiscal year beginning July 1 and ending June 30. This statement reflects the various assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UPR as of the fiscal year ended June 30, 2015.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of UPR. They may also be able to determine how much UPR owes vendors, investors, and lending institutions. Finally, the Statement of Net Position outlines the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) available to UPR and defines that availability.

Certain June 30, 2014 balances have been adjusted for comparative purposes as described in Note 9 - Change in Accounting Principle. June 30, 2013 balances have not been adjusted because the information was unavailable prior to fiscal year 2014.

#### Condensed Statement of Net Position

	June 30, 2015	Change	June 30, 2014	Change	June 30, 2013
<b>Assets</b>					
Current assets	\$516,545	(\$9,887)	\$526,432	(\$44,686)	\$571,118
Capital assets	461,243	(49,585)	510,828	(42,131)	552,959
Other non-current	151	135	16	16	-
Total assets	977,939	(59,337)	1,037,276	(86,801)	1,124,077
<b>Deferred outflows of resources</b>					
Resources related to pensions	28,487	6,102	22,385	22,385	-
Total deferred outflows of resources	28,487	6,102	22,385	22,385	0
<b>Liabilities</b>					
Current liabilities	241,635	(47,887)	289,522	41,277	248,245
Non-current liabilities	191,926	(31,593)	223,519	201,605	21,914
Total liabilities	433,561	(79,480)	513,041	242,882	270,159

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis

### For the Year Ended June 30, 2015

#### Condensed Statement of Net Position (continued)

	<u>June 30, 2015</u>	<u>Change</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>June 30, 2013</u>
Deferred inflows of resources					
Resources related to pensions	17,236	17,236	-	0	-
Total deferred inflows of resources	<u>17,236</u>	<u>17,236</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net position					
Net invested in capital assets	461,243	(49,585)	510,828	(42,131)	552,959
Restricted – expendable	18,017	1,000	17,017	1,000	16,017
Unrestricted	<u>76,369</u>	<u>57,594</u>	<u>18,775</u>	<u>(266,167)</u>	<u>284,942</u>
Total net position, as restated	<u><u>\$555,629</u></u>	<u><u>\$9,009</u></u>	<u><u>\$546,620</u></u>	<u><u>(\$307,298)</u></u>	<u><u>\$853,918</u></u>

#### Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by UPR, both operating and non-operating, and the expenses paid by UPR.

Operating revenues are received for providing goods and services to the various customers and constituencies of UPR. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of UPR. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to UPR without the Legislature directly receiving commensurate goods and services in return for those revenues. As noted below, without the non-operating revenues, in particular the state appropriations and private gifts, UPR would not be able to cover its costs of operations. These sources are critical to UPR's financial stability and directly impact the quality of its programs.

#### Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2015</u>	<u>Change</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>June 30, 2013</u>
Operating revenues					
Grants and contracts	\$239,180	\$108,409	\$130,771	(\$59,205)	\$189,976
Rentals and other revenues	<u>87,152</u>	<u>(16,160)</u>	<u>103,312</u>	<u>(2,856)</u>	<u>106,168</u>
Total operating revenues	<u>326,332</u>	<u>92,249</u>	<u>234,083</u>	<u>(62,061)</u>	<u>296,144</u>
Operating expenses					
Salaries and wages	480,403	69,805	410,598	(71,647)	482,245
Employee benefits	127,378	(16,098)	143,476	(36,961)	180,437
Actuarial calculated pension expense	33,821	33,821	-	0	-
Other operating expenses	<u>627,380</u>	<u>(20,552)</u>	<u>647,932</u>	<u>(57,028)</u>	<u>704,960</u>
Total operating expenses	<u>1,268,982</u>	<u>66,976</u>	<u>1,202,006</u>	<u>(165,636)</u>	<u>1,367,642</u>
Operating loss	<u>(942,650)</u>	<u>25,273</u>	<u>(967,923)</u>	<u>103,575</u>	<u>(1,071,498)</u>

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis

For the Year Ended June 30, 2015

### Condensed Statement of Revenues, Expenses, and Changes in Net Position (continued)

	<u>June 30, 2015</u>	<u>Change</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>June 30, 2013</u>
Non-operating revenues					
State appropriations	322,250	118,031	204,219	(101,934)	306,153
Other gifts	497,837	(27,655)	525,492	14,794	510,698
Other non-operating revenues	<u>130,572</u>	<u>13,921</u>	<u>116,651</u>	<u>(50,562)</u>	<u>167,213</u>
Total non-operating revenues	<u>950,659</u>	<u>104,297</u>	<u>846,362</u>	<u>(137,702)</u>	<u>984,064</u>
Income/(loss) before other revenues	<u>8,009</u>	<u>129,570</u>	<u>(121,561)</u>	<u>(34,127)</u>	<u>(87,434)</u>
Other revenues					
Private grants and gifts for capital purposes	<u>1,000</u>	<u>0</u>	<u>1,000</u>	<u>(58)</u>	<u>1,058</u>
Net other revenues	<u>1,000</u>	<u>0</u>	<u>1,000</u>	<u>(58)</u>	<u>1,058</u>
Increase/(decrease) in net position	9,009	129,570	(120,561)	(34,185)	(86,376)
Net position – beginning of year	546,620	(307,298)	853,918	(86,376)	940,294
Cumulative effect on prior years of retroactive restatement for accounting change	<u>-</u>	<u>186,737</u>	<u>(186,737)</u>	<u>(186,737)</u>	<u>-</u>
Net position – beginning of year as restated	<u>546,620</u>	<u>(120,561)</u>	<u>667,181</u>	<u>(273,113)</u>	<u>940,294</u>
Net position – end of year	<u><u>\$555,629</u></u>	<u><u>\$9,009</u></u>	<u><u>\$546,620</u></u>	<u><u>(\$307,298)</u></u>	<u><u>\$853,918</u></u>

The Statement of Revenues, Expenses, and Changes in Net Position reflects a \$9,009 increase in the net position at the end of the fiscal year. As reflected in the Statement of Revenues, Expenses, and Changes in Net Position, UPR experienced an operating loss in fiscal year 2015 of \$942,650. This operating loss highlights UPR's dependency on non-operating revenues to meet its cost of operating. In particular, state appropriations and private gifts are key to maintaining UPR's financial health. In fiscal year 2015, UPR received \$322,250 from state appropriations and \$497,837 in private gifts. These revenues along with other non-operating revenues of \$130,572 covered all of UPR's operating loss of \$942,650.

### Statement of Cash Flows

The final statement presented by UPR is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of UPR during the fiscal year. The statement is divided into four sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from non-capital financing activities. This section includes the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section includes the cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is available for review in the Statement of Cash Flows.

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis

For the Year Ended June 30, 2015

### Condensed Statement of Cash Flows

	<u>June 30, 2015</u>	<u>Change</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>June 30, 2013</u>
Cash provided/(used) by					
(1) Operating activities	(\$847,097)	(\$183,948)	(\$663,149)	\$194,126	(\$857,275)
(2) Non-capital financing activities	811,053	160,842	650,211	(148,869)	799,080
(3) Capital and related financing activities	1,000	18,570	(17,570)	24,953	(42,523)
(4) Investing activities	-	0	-	0	-
Net increase/(decrease) in cash and cash equivalents	(35,044)	(4,536)	(30,508)	70,210	(100,718)
Cash and cash equivalents – beginning of year	<u>520,995</u>	<u>(30,508)</u>	<u>551,503</u>	<u>(100,718)</u>	<u>652,221</u>
Cash and cash equivalents – end of year	<u>\$485,951</u>	<u>(\$35,044)</u>	<u>\$520,995</u>	<u>(\$30,508)</u>	<u>\$551,503</u>

UPR experienced a decrease in cash and cash equivalents during fiscal year 2015. This decrease of \$35,044 left UPR with a cash and cash equivalent balance at year-end in the amount of \$485,951. Most of this is comprised of unexpended gifts and grant funds.

### Capital Assets

Utah Public Radio had the following capital assets as of June 30, 2015:

	<u>June 30, 2015</u>	<u>Change</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>June 30, 2013</u>
Equipment	\$1,241,510	\$0	\$1,241,510	(\$6,303)	\$1,247,813
Accumulated depreciation	<u>(780,267)</u>	<u>(49,585)</u>	<u>(730,682)</u>	<u>(35,828)</u>	<u>(694,854)</u>
Total capital assets	<u>\$461,243</u>	<u>(\$49,585)</u>	<u>\$510,828</u>	<u>(\$42,131)</u>	<u>\$552,959</u>

During the fiscal year ending June 30, 2015, there were no capital additions or deletions.

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis For the Year Ended June 30, 2015

---

### Economic Outlook

#### Fiscal Year 2015

The financial review of Utah Public Radio (UPR) for Fiscal Year 2015 (FY15) indicates the single greatest change comes because of new accounting regulations from the Governmental Accounting Standards Board (GASB) pertaining to pension expenses. The effect for UPR is a change of accounting principle restatement of \$186,737.

It is significant to note that even with the impact of new GASB accounting practices, FY15 shows an increase in Net Position for the first time since 2011. The factors in reversing the declining trend are many. This year UPR implemented a broad strategy to: 1) survey and analyze listener programming preferences, 2) evaluate and increase revenue streams, and 3) develop community engagement efforts that increase audience participation and public service objectives.

#### The Survey

An extensive listener survey has been a primary focus during FY15. A comprehensive understanding of listener programming preferences is essential to audience satisfaction. The survey period spanned February 20 through March 23 of 2015. Using email, on-air announcements, our website [www.UPR.org](http://www.UPR.org), and social media including Facebook <https://www.facebook.com/utahpublicradio> and Twitter <https://twitter.com/utahpublicradio>, we reached out to listeners and members throughout Utah.

UPR obtained outside expertise on survey design and interpretation from Peter Dominowski, president of Market Trends Research, Inc. An authority in public radio audience research, Dominowski is the author of five books in audience survey and programming. His broadcasting background includes WFMT in Chicago, WFME in Orlando, and the founding of the Public Radio Program Director's Association. More on his work can be found at [www.marketrendsresearch.com](http://www.marketrendsresearch.com).

Results of the survey were carefully reviewed and revealed numerous themes. Listeners called for more news, information, and culturally diverse programming. Local news had particular appeal. Topics of interest included education, science and technology, arts and culture, and environment.

In response to the survey, UPR set forth on many improvements. To address news content UPR created an Assistant News Director position to both generate additional content specific to Utah and aid in the training and supervision of intern reporters. UPR also auditioned and developed a full slate of new programming that began airing August 10, 2015.

Creation of local content, such as The Source <http://upr.org/programs/source>, Playing Shortly <http://www.playingshortly.org/>, Science by the Slice, Perspectives on Remarkable Women, Management Minute, and State of the Arts has been possible through collaborations with science, business, and arts communities at Utah State University (USU) and in Cache Valley. Utah reporting has been enhanced through a partnership with the Salt Lake Tribune to build and implement national Public Insight Network sources and resources. Our combined efforts through Utah Public Insight Network (UPIN) make it possible to collaborate on topics of interest to a great number of Utah residents.

#### Revenue Streams

Corporate underwriting support in FY15 rose to an all-time high of \$214,249 in collected sales, and corporate interest continues to grow. To meet the demand, UPR created a Development Officer position to expand statewide underwriting efforts.

# UTAH PUBLIC RADIO

## Management's Discussion and Analysis For the Year Ended June 30, 2015

---

### Economic Outlook (continued)

Alongside efforts to increase underwriting, UPR has updated membership materials and incorporated best practices. We implemented e-marketing tools for programming and fundraising efforts and created a “UPR Reinvigorated” campaign to introduce the listening audience to new program offerings. These efforts will continue to grow in the coming year.

### Engagement

In addition to the partnerships associated with local content creation described above, UPR has worked to bring intriguing public radio personalities and performances to Logan. NPR Science Correspondent, Joe Palca, visited USU November 12 through 14, 2014. Community engagements included a member dinner at Herm’s Inn, a Science Unwrapped presentation, and an appearance on UPR’s flagship program, Access Utah, <http://upr.org/post/npr-science-correspondant-joe-palca-access-utah-friday>.

On January 17, 2015, UPR partnered with Cache Valley Center for the Arts to welcome Paula Poundstone, known to the public radio audience for her comedic presence on Wait, Wait, Don’t Tell Me! The sold out performance was accompanied by a reception at which many members enjoyed visiting and taking photo opportunities with Paula. Her humorous interview on Access Utah can be found at <http://upr.org/post/wait-wait-dont-tell-me-panelist-paula-poundstone-joins-access-utah>.

In partnership with USU Provost's Series on Instructional Excellence in celebration of Black History Month, UPR welcomed professional storyteller, writer, and performer Janis Brooks. Her theatrical portrayal of eight women in American History titled, Traveling Shoes, met a sold out audience in February. Janis also engaged members at a reception and appeared on Access Utah while in Logan <http://upr.org/post/janice-brooks-traveling-shoes-thursdays-access-utah>.

An important component of all of these events is a concerted effort to insure students have access and interaction opportunity with guest presenters through classroom presentations and/or wider campus assemblies. UPR is dedicated to student advancement. This fiscal year we have expanded our broadcasting intern program with multi-disciplinary recruitment. It is our pleasure to advance and promote student education in the broadcast arts.

Combined, the initiatives of this broad strategy are increasing public service through diversified content for our listening audience, while contributing to Utah State University’s academic goals. As an outreach division of USU, our mission is to connect the citizens of Utah. In cities, rural communities, and throughout the regional campus system, UPR is a resource for news, information, and entertainment programming. We value the opportunity to continue to be a strong and productive public broadcasting network serving communities throughout the state of Utah.



---

Peg Arnold  
General Manager of Utah Public Radio  
Utah State University

# UTAH PUBLIC RADIO

## Statement of Net Position June 30, 2015 and June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents (Notes 1 and 2)	\$485,951	\$520,995
Accounts receivable (Note 3)	12,305	667
Prepaid expenses (Note 1)	18,289	4,770
Total current assets	<u>516,545</u>	<u>526,432</u>
Non-current assets		
Equipment (Notes 1 and 4)	1,241,510	1,241,510
Accumulated depreciation (Notes 1 and 4)	(780,267)	(730,682)
Net pension asset (Note 8)	151	16
Total non-current assets	<u>461,394</u>	<u>510,844</u>
Total assets	<u>977,939</u>	<u>1,037,276</u>
<b>Deferred outflows of resources</b>		
Resources related to pensions (Note 8)	28,487	22,385
Total deferred outflows of resources	<u>28,487</u>	<u>22,385</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable (Note 5)	9,337	7,900
Accrued salaries and benefits	53,067	43,026
Liability for compensated absences (Note 6)	33,588	31,455
Unearned revenue (Note 1)	145,643	207,141
Total current liabilities	<u>241,635</u>	<u>289,522</u>
Non-current liabilities		
Liability for compensated absences (Note 6)	9,471	14,381
Net pension liability (Note 8)	182,455	209,138
Total non-current liabilities	<u>191,926</u>	<u>223,519</u>
Total liabilities	<u>433,561</u>	<u>513,041</u>
<b>Deferred inflows of resources</b>		
Resources related to pensions (Note 8)	17,236	-
Total deferred inflows of resources	<u>17,236</u>	<u>0</u>
<b>Net position</b>		
Net invested in capital assets	461,243	510,828
Restricted – expendable		
Capital projects	18,017	17,017
Unrestricted	76,369	18,775
Total net position	<u>\$555,629</u>	<u>\$546,620</u>

*The accompanying notes are an integral part of the financial statements*

# UTAH PUBLIC RADIO

## Statement of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2015 and June 30, 2014

	2015	2014
<b>Operating revenues</b>		
Contracts and grants	\$239,180	\$130,771
Rents and other revenues	87,152	103,312
Total operating revenues	326,332	234,083
<b>Operating expenses</b>		
Salaries and wages	480,403	410,598
Employee benefits	127,378	143,476
Actuarial calculated pension expense	33,821	-
Other operating expenses	627,380	647,932
Total operating expenses	1,268,982	1,202,006
Operating loss	(942,650)	(967,923)
<b>Non-operating revenues/(expenses)</b>		
State appropriations	322,250	204,219
Facilities and administrative support	82,367	77,929
Gifts	497,837	525,492
Underwriter tradeouts	48,205	45,686
Loss on disposition of asset	-	(6,964)
Total non-operating revenues	950,659	846,362
Income/(loss) before other revenues	8,009	(121,561)
<b>Other revenues</b>		
Private grants and gifts for capital purposes	1,000	1,000
Net other revenues	1,000	1,000
Increase/(decrease) in net position	9,009	(120,561)
Net position – beginning of year	546,620	853,918
Cumulative effect on prior years of retroactive restatement for accounting change (Note 9)	-	(186,737)
Net position – beginning of year as restated	546,620	667,181
Net position – end of year	\$555,629	\$546,620

*The accompanying notes are an integral part of the financial statements*

# UTAH PUBLIC RADIO

## Statement of Cash Flows

For the Years Ended June 30, 2015 and June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Contracts and grants	\$174,539	\$171,639
Rents and other revenues	78,677	124,156
Payments to employees for salaries and benefits	(650,022)	(559,293)
Payments to suppliers	<u>(450,291)</u>	<u>(399,651)</u>
Net cash used by operating activities	<u>(847,097)</u>	<u>(663,149)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations	322,250	204,219
Private gifts	<u>488,803</u>	<u>445,992</u>
Net cash provided by non-capital financing activities	<u>811,053</u>	<u>650,211</u>
<b>Cash flows from capital and related financing activities</b>		
Private grants and gifts for capital purposes	1,000	1,000
Purchase of capital assets	<u>-</u>	<u>(18,570)</u>
Net cash provided/(used) by capital and related financing activities	<u>1,000</u>	<u>(17,570)</u>
<b>Cash flows from investing activities</b>	<u>0</u>	<u>0</u>
Net decrease in cash and cash equivalents	(35,044)	(30,508)
Cash and cash equivalents – beginning of year	<u>520,995</u>	<u>551,503</u>
Cash and cash equivalents – end of year	<u><u>\$485,951</u></u>	<u><u>\$520,995</u></u>

*The accompanying notes are an integral part of the financial statements*

# UTAH PUBLIC RADIO

## Statement of Cash Flows

For the Years Ended June 30, 2015 and June 30, 2014

---

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	(\$942,650)	(\$967,923)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	49,585	53,737
Underwriter tradeouts	48,205	45,686
Gifts-in-kind	9,014	58,166
Facilities and administrative support	82,367	77,929
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(11,618)	(19)
Prepaid expenses	(13,519)	14,211
Net pension asset	(135)	-
Deferred outflows resources related to pension	(6,102)	-
Accounts payable	1,437	(1,448)
Accrued salaries and benefits	10,041	(2,242)
Compensated absences	(2,777)	(2,977)
Unearned revenue	(61,498)	61,731
Net pension liability	(26,683)	-
Deferred inflows resources related to pension	17,236	-
Net cash used by operating activities	<u>(\$847,097)</u>	<u>(\$663,149)</u>

*The accompanying notes are an integral part of the financial statements*

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Utah Public Radio is presented to assist in understanding UPR's financial statements. UPR's financial statements and notes are a representation of UPR's management, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) as applicable to colleges and universities using the principles and standards established by the Governmental Accounting Standards Board.

#### Organization

UPR is a department of Utah State University and is governed directly by the Dean of the College of Humanities and Social Sciences. The legal call letters are KUSU-FM which is the flagship station for the Utah Public Radio System and KUSR which is a licensed booster station.

Funding for the operations of UPR is provided mainly by state appropriations, private donations, and community service grants provided by the Corporation for Public Broadcasting (CPB).

#### Accounting Policies

The accounting policies of UPR conform in all material respects with generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

UPR's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the policy of UPR to use restricted resources first, then unrestricted resources as they are needed. UPR records appropriations from the State of Utah as unrestricted revenue. UPR recognizes expenditures as expenses when they expend them or when they accrue the liability.

#### Use of Estimates in Financial Statements

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in USU's Cash Management Investment Pool (CMIP). The University pools all cash (including UPR's cash) not separately deposited for trusts or other specific purposes. The University invests cash in excess of daily operating requirements according to the Utah State Money Management Act. The pooled cash is not insured or otherwise guaranteed by the State, and participants share proportionally in any realized gains or losses on investments. UPR's equity in the CMIP is immediately convertible to cash at any time to meet the operating needs of UPR. For more detailed information about investments in USU's CMIP refer to Utah State University's Annual Financial Report at [www.usu.edu/controller](http://www.usu.edu/controller).

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 1. Summary of Significant Accounting Policies (continued)

#### Prepaid Expenses

UPR records costs incurred for programs not yet broadcast and expenses paid for future periods as prepaid expenses. These costs are related to paid subscribed programs that will be broadcast after June 30. As UPR broadcasts these programs, the costs will be in operating expenses. UPR evaluates the status of the programs annually.

#### Capital Assets

Capital assets consist of equipment. Capital assets are defined by UPR as assets with an initial unit cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Equipment of UPR is depreciated using the straight-line method over three to ten years, except the broadcasting tower which is being depreciated over forty years using the straight-line method.

#### Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. UPR has one item that qualifies for reporting in this category; which is related to deferred pension expense and will be amortized to pension expense over the ensuing years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. UPR has one item that qualifies for reporting in this category; which is related to deferred pension expense and will be amortized to pension expense over the ensuing years.

#### Pension Related Assets, Liabilities, Deferred Outflows, and Deferred Inflows

UPR records its share of any unfunded liability associated with participation in the defined benefit plans of the Utah Retirement Systems (Systems). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems' Pension Plan and additions to or deductions from the Systems' fiduciary net position are determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

#### Unearned Revenue

Unearned revenue consists of advance receipts for rent of tower facilities to private businesses and unearned grant revenue.

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 1. Summary of Significant Accounting Policies (continued)

#### Facilities and Administrative Support

The University donates office and studio space to UPR and records the related occupancy costs following procedures established by the Corporation for Public Broadcasting. The University also provides other administrative support to UPR consisting of allocated institutional support, library, and physical plant operating costs. These costs are allocated to UPR based on a ratio of square footage occupied as well as salary and wages compared to University totals.

#### Underwriter Tradeouts

The Station has entered into several underwriting trade agreements with local businesses that provide goods and services in trade for underwriting credit and other media recognition. The Corporation for Public Broadcasting considers these trade agreements as donations.

#### Employee Leave

Sick leave is not accrued but is recorded in the period of actual use. Sick leave does not vest but is allowed on an earned time basis. At the end of each calendar year employees who have accumulated forty-eight days of sick leave may convert up to four days of sick leave to annual leave subject to other restrictions of the University. Annual leave, including converted sick leave, is accrued and reported as earned. Employees are allowed to carry over a maximum of thirty-four days annual leave. The thirty-four days is variable depending on the number of sick leave days the employee is allowed to convert at calendar year end.

#### Net Position

UPR's net position is classified as follows:

*Net investment in capital assets:* This represents UPR's total investment in capital assets.

*Restricted – expendable:* Restricted – expendable net position includes resources in which UPR is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted:* Unrestricted net position represents resources derived from rents, other revenues, and gift donations. These resources are used for transactions relating to the educational and general operations of UPR and may be used at the discretion of UPR to meet current expenses for any purpose.

#### Income Taxes

As a department of Utah State University, which is exempt from income taxes under Section 115(1) and 501(c)(3) of the Internal Revenue Code, UPR is also exempt from income taxes.

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 1. Summary of Significant Accounting Policies (continued)

#### Classification of Revenues and Expenses

*Operating revenues:* Operating revenues include activities that have characteristics of exchange transactions such as most federal, state, and local contracts and grants.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts, state appropriations, and investment income.

All expense transactions are classified as operating expenses.

### 2. Cash, Cash Equivalents, and Deposits

Cash and cash equivalents consisted of the following at June 30, 2015, and June 30, 2014:

	<u>2015</u>	<u>2014</u>
Claim on cash in the University's Cash Management Investment Pool	\$485,951	\$520,995

Deposits and bank balances held by CMIP of the University are insured to the extent allowed by the Federal Deposit Insurance Corporation. The balances in excess of these amounts are uninsured and uncollateralized and exposed to custodial credit risk. All deposits are held by a qualified depository as defined by the State Money Management Act. The State of Utah does not require collateral on deposits.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk.

### 3. Accounts Receivable

Accounts receivable consist of amounts receivable from a federal contract and grant along with tower rentals, but the payments have not been received as of year end. All receivables are considered fully collectible.

### 4. Capital Assets

Equipment is valued at cost at the date of acquisition or at fair market value at the date of donation in the case of gifts.

The change in capital assets from June 30, 2014, to June 30, 2015, consists of:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Equipment	\$1,241,510	\$0	\$0	\$1,241,510
Accumulated depreciation	(730,682)	(49,585)	-	(780,267)
	<u>\$510,828</u>	<u>(\$49,585)</u>	<u>\$0</u>	<u>\$461,243</u>

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

### 4. Capital Assets (continued)

The change in capital assets from June 30, 2013 to June 30, 2014, consists of:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Equipment	\$1,247,813	\$18,570	(\$24,873)	\$1,241,510
Accumulated depreciation	<u>(694,854)</u>	<u>(53,737)</u>	<u>17,909</u>	<u>(730,682)</u>
	<u>\$552,959</u>	<u>(\$35,167)</u>	<u>(\$6,964)</u>	<u>\$510,828</u>

### 5. Accounts Payable

All accounts payable consist of payables to suppliers.

### 6. Non-Current Liabilities

	<u>Beginning Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Liability for compensated absences	\$45,836	\$28,678	(\$31,455)	\$43,059	\$33,588
Net pension liability	<u>209,138</u>	<u>-</u>	<u>(26,683)</u>	<u>182,455</u>	<u>-</u>
Total non-current liabilities	<u>\$254,974</u>	<u>\$28,678</u>	<u>(\$58,138)</u>	<u>\$225,514</u>	<u>\$33,588</u>

### 7. Economic Dependency

UPR received approximately 32 percent of its funding from Utah State University for the year ended June 30, 2015.

### 8. Pension Plans and Retirement Benefits

As required by state law, eligible non-exempt employees of the University (as defined by the U.S. Fair Labor Standards Act) are covered by the Utah Retirement Systems (Systems). Eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) and/or Fidelity Investments (Fidelity). Employees may also participate in defined contribution plans consisting of 401(k) and 457 plans managed by the Systems, TIAA-CREF, Fidelity, or Educators Mutual Insurance Association (EMIA).

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 8. Pension Plans and Retirement Benefits (continued)

#### Defined Benefit Pension Plans

The Utah Retirement Systems are established and governed by the respective sections of Title 49 of the Utah Code. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. The Systems are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Utah Retirement Systems issues a publicly available financial report that may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

The Systems are comprised of the following pension trust funds:

- The Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are defined-benefit multiple employer, cost sharing, public employees retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

# UTAH PUBLIC RADIO

## Notes to Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

### 8. Pension Plans and Retirement Benefits (continued)

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age * 20 years age 60* 10 years age 62* 4 years age 65	2% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	4 years age 65 35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* With actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
<b>Contributory System</b> 112 - State and School Division Tier 2	N/A	N/A	18.27%
<b>Noncontributory System</b> 16 - State and School Division Tier 1	N/A	N/A	22.19%

At December 31, 2014, UPR reported a net pension asset of \$151 and a net pension liability of \$182,455.

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

### 8. Pension Plans and Retirement Benefits (continued)

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.7261800%	-	\$182,455
Tier 2 Public Employees System	0.4982800%	\$151	-
Total net pension asset/liability		\$151	\$182,455

The net pension asset and liability were measured as of December 31, 2014. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plans from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, UPR recognized a pension expense of \$33,821. At December 31, 2014, UPR's portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$11,014
Changes in assumptions	-	6,222
Net difference between projected and actual earnings on pension plan investments	\$3,296	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	25,191	-
Total	\$28,487	\$17,236

Of the amount reported as deferred outflows of resources related to pensions, \$25,191 resulted from contributions made by UPR prior to the fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

### 8. Pension Plans and Retirement Benefits (continued)

Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2015	(\$3,600)
2016	(3,600)
2017	(3,600)
2018	(2,889)
2019	(40)
Thereafter	(212)

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%	
Salary increases	3.5% - 10.5%	Average, including inflation
Investment rate of return	7.5%	Net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

Retired Member Mortality	
Class of Member	
<b>Educators</b>	
Men	EDUM (90%)
Women	EDUF (100%)
<b>Local government, public employees</b>	
Men	RP 2000mWC (100%)
Women	EDUF (120%)

*EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage*

*EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage*

*RP 2000mWC = RP 2000 combined mortality tables for males with white collar adjustments multiplied by given percentage*

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

### 8. Pension Plans and Retirement Benefits (continued)

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of a actuarial experience study for the five-year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic	Long-Term Expected Real Rate of
Equity securities	40.00%	7.06%	2.82%
Debt securities	20.00%	0.80%	0.16%
Real assets	13.00%	5.10%	0.66%
Private equity	9.00%	11.30%	1.02%
Absolute return	18.00%	3.15%	0.57%
Cash and cash equivalents	0.00%	0.00%	0.00%
Total	100.00%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.5 percent assumed investment rate of return is comprised of an inflation rate of 2.75 percent, a real return of 4.75 percent that is net of investment expense.

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees; 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.

The following presents the proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

### 8. Pension Plans and Retirement Benefits (continued)

Proportionate Share of Net Pension Net Liability/(Asset)	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Noncontributory System	\$363,511	\$182,455	\$30,820
Tier 2 Public Employees System	1,109	(151)	(1,100)
<b>Total net pension liability/(asset)</b>	<b>\$364,620</b>	<b>\$182,304</b>	<b>\$29,720</b>

Detailed information about the pension plan's fiduciary net position is available in the Systems', separately issued, financial report.

#### Defined Contribution Plans

Retirement plan employees are also eligible to participate in deferred compensation 401(k) and 457 defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Systems and as a primary retirement plan for some Tier 2 Public Employee System participants. Under certain IRS and plan restrictions, employees can make additional contributions. Employer contributions may be made into the plans at rates determined by the employers and according to Utah Code Title 49. The defined contribution plans' account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment.

For employees participating in defined benefit plans, the University is also required to contribute 1.5 - 1.78 percent of the employee's salary into a 401(k)/457 plan. For employees who choose to participate in the Tier 2 Public Employee defined contribution plan (Tier 2 DC), the University is required to contribute 20.05 percent of the employees' salary of which 10 percent is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Contributory Public Employee System, as required by law. Employer and employee contributions to the 401(k)/457 plans for fiscal years ending June 30 were as follows:

	401(k), Tier 2 DC, and 457 Plans		
	2015	2014	2013
UPR's contributions	\$2,826	\$3,153	\$3,187
Employees' contributions	\$8,307	\$5,657	\$5,400

# UTAH PUBLIC RADIO

## Notes to Financial Statements

For the Years Ended June 30, 2015 and June 30, 2014

---

### 8. Pension Plans and Retirement Benefits (continued)

TIAA-CREF and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any or all of the providers and the contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of individual contracts and the estimated life expectancy of the employee at retirement. The University's contribution to this multiple employer defined contribution plan was 14.2 percent (12.25 percent for post retirees) of the employees' annual salary. The University has no further liability once annual contributions are made. Contributions for fiscal years ending June 30 were as follows:

TIAA-CREF and/or Fidelity			
	2015	2014	2013
UPR's contributions	\$24,640	\$17,949	\$32,992
Employees' contributions	\$7,831	\$6,212	\$6,271

### 9. Change in Accounting Principle

During 2015 UPR implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*, which requires governmental entities to record their share of any unfunded liability associated with participation in a defined benefit plan. The initial effect of the change was an increase in net pension liability of \$209,138, an increase in net pension asset of \$16, an increase in deferred outflows of resources relating to pensions of \$22,385, and a decrease in net position of \$186,737. At June 30, 2015 net pension liability is \$182,455, deferred inflows of resources relating to pensions is \$17,236, net pension asset is \$151, and deferred outflows of resources relating to pensions is \$28,487. For the year ended June 30, 2015, the effect of the change is a decrease in other operating expenses of \$15,683.

**UTAH PUBLIC RADIO**  
**Required Supplementary Information**  
**Proportionate Share of the Net Pension Liability**  
**As of December 31, 2014**

---

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of net pension liability/(asset)	0.7261800%	0.4982800%
Proportionate share of net pension liability/(asset)	\$182,455	(\$151)
Covered employee payroll	\$188,382	\$24,403
Proportionate share of net pension liability/(asset) as a percentage of covered-employee payroll	96.9%	-0.6%
Plan fiduciary net position as a percentage of total pension liability	87.2%	103.5%

Note: UPR implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. Information on UPR's portion of the plan's net pension liability/(asset) is not available for periods prior to fiscal year 2015.

# UTAH PUBLIC RADIO

## Required Supplementary Information Schedule of Contributions to the Utah Retirement Systems For Fiscal Years Ending June 30

<b>NONCONTRIBUTORY SYSTEM</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Contractually Required Contribution	\$41,517	\$42,470	\$39,556	\$38,717	\$36,140	\$25,790	\$22,582	\$21,923	\$25,911	N/A
Contributions in Relation to the Contractually	41,517	42,470	39,556	38,717	36,140	25,790	22,582	21,923	25,911	N/A
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
Covered Employee Payroll	\$188,382	\$205,240	\$212,498	\$230,221	\$223,474	\$181,366	\$158,804	\$154,173	\$183,226	N/A
Contributions as a Percentage of Covered-Employee Payroll	22.04%	20.69%	18.61%	16.82%	16.17%	14.22%	14.22%	14.22%	14.14%	N/A

<b>TIER 2 PUBLIC EMPLOYEES SYSTEM*</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Contractually Required Contribution	\$4,858	N/A								
Contributions in Relation to the Contractually	4,858	N/A								
Contribution Deficiency (Excess)	\$0	N/A								
Covered Employee Payroll	\$24,403	N/A								
Contributions as a Percentage of Covered-Employee Payroll	19.91%	N/A								

\*The Tier 2 Public Employees System (Tier 2) was created in fiscal year 2012. However, the contractually required contributions and covered payroll for Tier 2 were included in the Contributory System for fiscal years 2012 through 2014, since prior to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015, Tier 2 information was not separately available.

# UTAH PUBLIC RADIO

## Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services			Support Services			2015 Total	2014 Total	% Change	% of Total Expen- ditures	
	Broadcasting and Engineering	Programming and Production	Program Information and Promotion	Total Program Services	Fundraising and Membership Development	Management and General					Total Support Services
Salaries, wages, and benefits	\$179,892	\$83,003	\$22,085	\$284,980	\$157,234	\$199,388	\$356,622	\$641,602	\$554,074	15.80%	50.56%
Public and employee relations	1,369	224,106	23,782	249,257	27,062	3,522	30,584	279,841	276,171	1.33%	22.05%
Indirect costs and occupancy	23,093	12,861	2,833	38,787	20,186	25,597	45,783	84,570	77,930	8.52%	6.66%
Supplies and non-inventoried equipment	6,223	3,143	-	9,366	7,979	8,004	15,983	25,349	68,850	-63.18%	2.00%
Contractual services	61,688	33,404	-	95,092	-	10,578	10,578	105,670	96,932	9.01%	8.33%
General services	1,896	10,575	9,580	22,051	6,336	14,470	20,806	42,857	33,172	29.20%	3.38%
Repairs and maintenance	12,926	646	-	13,572	56	2,345	2,401	15,973	26,156	-38.93%	1.26%
Depreciation	49,585	-	-	49,585	-	-	-	49,585	53,737	-7.73%	3.91%
Travel	1,636	4,674	89	6,399	6,300	2,401	8,701	15,100	7,196	109.84%	1.19%
Other	-	-	-	-	2,812	5,623	8,435	8,435	7,788	8.31%	0.66%
 Total operating expenditures	 <u>\$338,308</u>	 <u>\$372,412</u>	 <u>\$58,369</u>	 <u>\$769,089</u>	 <u>\$227,965</u>	 <u>\$271,928</u>	 <u>\$499,893</u>	 <u>\$1,268,982</u>	 <u>\$1,202,006</u>	 <u>5.57%</u>	 <u>100.00%</u>