ANNUAL FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

UTAH PUBLIC RADIO

UtahStateUniversity

FOR THE YEAR ENDED JUNE 30, 2016

UTAH PUBLIC RADIO

June 30, 2016

TABLE OF CONTENTS

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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, 2016 and 2015, 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.

Auditors' 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, 2016 and 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the proportionate share of net pension liability, and the schedule of pension contributions, as listed in the table of contents, 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 21, 2016, 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

JONES SIMKINS LLC
Logan, Utah
December 21, 2016

UTAH PUBLIC RADIO

Management's Discussion and Analysis

For the Year Ended June 30, 2016

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, 2016 and June 30, 2015. 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, 2016.

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.

Condensed Statement of Net Position

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Assets					
Current assets	$463,158	($53,387)	$516,545	($9,887)	$526,432
Capital assets	411,658	(49,585)	461,243	(49,585)	510,828
Other non-current	0	-151	151	135	16
Total assets	874,816	(103,123)	977,939	(59,337)	1,037,276
Deferred outflows of resources					
Resources related to pensions	75,645	47,158	28,487	6,102	22,385
Total deferred outflows of resources	75,645	47,158	28,487	6,102	22,385
Liabilities					
Current liabilities	176,683	(64,952)	241,635	(47,887)	289,522
Non-current liabilities	203,218	11,292	191,926	(31,593)	223,519
Total liabilities	379,901	(53,660)	433,561	(79,480)	513,041

Condensed Statement of Net Position (continued)

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Deferred inflows of resources					
Resources related to pensions	19,090	1,854	17,236	17,236	-
Total deferred inflows of resources	19,090	1,854	17,236	17,236	0
Net position					
Net invested in capital assets	411,658	(49,585)	461,243	(49,585)	510,828
Restricted – expendable	18,017	0	18,017	1,000	17,017
Unrestricted	121,795	45,426	76,369	57,594	18,775
Total net position, as restated	$551,470	($4,159)	$555,629	$9,009	$546,620

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

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Operating revenues					
Grants and contracts	$223,218	($15,962)	$239,180	$108,409	$130,771
Rentals and other revenues	105,230	18,078	87,152	(16,160)	103,312
Total operating revenues	328,448	2,116	326,332	92,249	234,083
Operating expenses					
Salaries and wages	495,605	15,202	480,403	69,805	410,598
Employee benefits	108,689	(18,689)	127,378	(16,098)	143,476
Actuarial calculated pension expense	39,950	6,129	33,821	33,821	-
Other operating expenses	620,870	(6,510)	627,380	(20,552)	647,932
Total operating expenses	1,265,114	(3,868)	1,268,982	66,976	1,202,006
Operating loss	(936,666)	5,984	(942,650)	25,273	(967,923)

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

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Non-operating revenues					
State appropriations	346,566	24,316	322,250	118,031	204,219
Other gifts	457,920	(39,917)	497,837	(27,655)	525,492
Other non-operating revenues	128,021	(2,551)	130,572	13,921	116,651
Total non-operating revenues	932,507	(18,152)	950,659	104,297	846,362
Income/(loss) before other revenues	(4,159)	(12,168)	8,009	129,570	(121,561)
Other revenues					
Private grants and gifts for capital purposes	-	(1,000)	1,000	0	1,000
Net other revenues	0	(1,000)	1,000	0	1,000
Increase/(decrease) in net position	(4,159)	(13,168)	9,009	129,570	(120,561)
Net position – beginning of year	555,629	9,009	546,620	(307,298)	853,918
Cumulative effect on prior years of retroactive restatement for accounting change	-	0	0	186,737	(186,737)
Net position – beginning of year as restated	555,629	9,009	546,620	(120,561)	667,181
Net position – end of year	$551,470	($4,159)	$555,629	$9,009	$546,620

The Statement of Revenues, Expenses, and Changes in Net Position reflects a $4,159 decrease 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 2016 of $936,666. 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 2016, UPR received $346,566 from state appropriations and $457,920 in private gifts. These revenues along with other non-operating revenues of $128,021 covered most of UPR's operating loss of $936,666.

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.

Condensed Statement of Cash Flows

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Cash provided/(used) by					
(1) Operating activities	($860,737)	($13,640)	($847,097)	($183,948)	($663,149)
(2) Non-capital financing activities	803,735	(7,318)	811,053	160,842	650,211
(3) Capital and related financing activities	-	(1,000)	1,000	18,570	(17,570)
(4) Investing activities	-	0	-	0	-
Net increase/(decrease) in cash and cash equivalents	(57,002)	(21,958)	(35,044)	(4,536)	(30,508)
Cash and cash equivalents – beginning of year	485,951	(35,044)	520,995	(30,508)	551,503
Cash and cash equivalents – end of year	$428,949	($57,002)	$485,951	($35,044)	$520,995

UPR experienced a decrease in cash and cash equivalents during fiscal year 2016. This decrease of $57,002 left UPR with a cash and cash equivalent balance at year-end in the amount of $428,949. 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, 2016:

	June 30, 2016	Change	June 30, 2015	Change	June 30, 2014
Equipment	$1,241,510	$0	$1,241,510	$0	$1,241,510
Accumulated depreciation	(829,852)	(49,585)	(780,267)	(49,585)	(730,682)
Total capital assets	$411,658	($49,585)	$461,243	($49,585)	$510,828

During the fiscal year ending June 30, 2016, there were no capital additions or deletions.

Economic Outlook

Innovation, strength, and stability are themes demonstrated in the financial review of Utah Public Radio for fiscal year 2016. Improvements initiated included surveying our listeners' interests, committing to programming revisions aligned with listener preferences, and increasing local content and production. The results for fiscal year 2016 are clear. With programming that meets communities' needs, station finances have stabilized. UPR is well positioned to build on that stability.

We asked. They spoke. We listened. Through survey results we learned listeners strongly value news, information, cultural diversity, and entertainment programming. Specific topics of interest included education, science & technology, arts & culture, and the environment.

To meet listeners' needs, UPR introduced an exciting line-up of new programs effective August 10, 2015, at the start of the fiscal year. News lovers welcomed Here & Now, an NPR co-production with WBUR in Boston. Adding diversity to news programming, UPR chose BBC's Assignment, The Inquiry, The Conversation, Trending, Business Daily, Witness, The Forum, and The Arts Hour. UPR also formed a partnership with the Salt Lake Tribune to air Behind the Headlines, a weekly Utah news round table.

Because listeners highly value local news, UPR created a new position of Assistant News Director to expand our stateside reporting capacity. UPR also benefitted from an additional intern through support from the College of Humanities and Social Science in the fall of 2015.

In the arts, we added the program q from the CBC and Live Wire! from Public Radio International. Performance art and storytelling are now showcased in The Moth from PRX, NPR's Bullseye, and BackStory featuring the American History Guys. Humor and trivia are the focus of Ask Me Another.

Science took center stage with Radiolab and BBC Discovery. Marketplace Tech Report and a new collaboration with USU's College of Science called Science by the Slice debuted as features throughout the broadcast day.

To ensure listeners have immediate access to emerging innovative content, UPR Presents is a dedicated time slot for national series like Invisibilia, which provide compelling content but are not produced weekly. UPR Presents also showcases locally produced specialty programming like The Source, designed through collaborative efforts with the USU community.

The new schedule also represents UPR's continued commitment to fine arts programming with Performance Today moving to weekday evenings, opera to Sunday evenings, and Beethoven Satellite Network gracing the late night hours.

The survey results presented us with an opportunity to reimagine; to analyze not only the selection but the best placement of all programming within the schedule. We believe this schedule preserves prized public radio essentials, like Morning Edition and All Things Considered. At the same time, it invites listeners to hear the latest creative shows that are advancing public radio news and cultural programming in inventive ways.

The pathway to a healthy economic position lies in the improvement and expansion of primary goods and services. For public radio, that is our programming. To revamp the schedule to listeners' preferences is synonymous with an acute focus on economic development.

Economic Outlook (continued)

UPR is delighted with the listeners' embrace of the programming modifications and their continued support for the new "UPR Reinvigorated!" The innovations have increased underwriting opportunities, new member support, and collaborations with complimentary organizations. They have strengthened ties with the USU community and contributed to Utah State University educational and outreach goals. We value the opportunity to advance our service in Utah cities, rural communities, and USU's regional campus system in meaningful ways. Because of this essential and broad community support, UPR is positioned on solid ground for the foreseeable future.

Peg Arnold
General Manager of Utah Public Radio
Utah State University

UTAH PUBLIC RADIO

Statement of Net Position

June 30, 2016 and June 30, 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents (Notes 1 and 2)	$428,949	$485,951
Accounts receivable (Note 3)	15,942	12,305
Prepaid expenses (Note 1)	18,267	18,289
Total current assets	463,158	516,545
Non-current assets		
Equipment (Notes 1 and 4)	1,241,510	1,241,510
Accumulated depreciation (Notes 1 and 4)	(829,852)	(780,267)
Net pension asset (Note 8)	0	151
Total non-current assets	411,658	461,394
Total assets	874,816	977,939
Deferred outflows of resources		
Resources related to pensions (Note 8)	75,645	28,487
Total deferred outflows of resources	75,645	28,487
Liabilities		
Current liabilities		
Accounts payable (Note 5)	3,755	9,337
Accrued salaries and benefits	52,036	53,067
Liability for compensated absences (Note 6)	33,391	33,588
Unearned revenue (Note 1)	87,501	145,643
Total current liabilities	176,683	241,635
Non-current liabilities		
Liability for compensated absences (Note 6)	8,908	9,471
Net pension liability (Note 8)	194,310	182,455
Total non-current liabilities	203,218	191,926
Total liabilities	379,901	433,561
Deferred inflows of resources		
Resources related to pensions (Note 8)	19,090	17,236
Total deferred inflows of resources	19,090	17,236
Net position		
Net invested in capital assets	411,658	461,243
Restricted – expendable		
Capital projects	18,017	18,017
Unrestricted	121,795	76,369
Total net position	$551,470	$555,629

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, 2016 and June 30, 2015

	2016	2015
Operating revenues		
Grants and contracts	$223,218	$239,180
Rents and other revenues	105,230	87,152
Total operating revenues	328,448	326,332
Operating expenses		
Salaries and wages	495,605	480,403
Employee benefits	108,689	127,378
Actuarial calculated pension expense	39,950	33,821
Other operating expenses	620,870	627,380
Total operating expenses	1,265,114	1,268,982
Operating loss	(936,666)	(942,650)
Non-operating revenues/(expenses)		
State appropriations	346,566	322,250
Facilities and administrative support	109,246	82,367
Gifts	457,920	497,837
Underwriter tradeouts	18,775	48,205
Total non-operating revenues	932,507	950,659
Income/(loss) before other revenues	(4,159)	8,009
Other revenues		
Private grants and gifts for capital purposes	-	1,000
Net other revenues	0	1,000
Increase/(decrease) in net position	(4,159)	9,009
Net position – beginning of year	555,629	546,620
Net position – end of year	$551,470	$555,629

The accompanying notes are an integral part of the financial statements

UTAH PUBLIC RADIO

Statement of Cash Flows

For the Years Ended June 30, 2016 and June 30, 2015

	2016	2015
Cash flows from operating activities		
Grants and contracts	$160,350	$174,539
Rents and other revenues	99,787	78,677
Payments to employees for salaries and benefits	(679,333)	(650,022)
Payments to suppliers	(441,541)	(450,291)
Net cash used by operating activities	(860,737)	(847,097)
Cash flows from non-capital financing activities		
State appropriations	346,566	322,250
Private gifts	457,169	488,803
Net cash provided by non-capital financing activities	803,735	811,053
Cash flows from capital and related financing activities		
Private grants and gifts for capital purposes	-	1,000
Net cash provided/(used) by capital and related financing activities	0	1,000
Cash flows from investing activities	0	0
Net decrease in cash and cash equivalents	(57,002)	(35,044)
Cash and cash equivalents – beginning of year	485,951	520,995
Cash and cash equivalents – end of year	$428,949	$485,951

The accompanying notes are an integral part of the financial statements

UTAH PUBLIC RADIO

Statement of Cash Flows

For the Years Ended June 30, 2016 and June 30, 2015

	2016	2015
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	($936,666)	($942,650)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	49,585	49,585
Underwriter tradeouts	18,775	48,205
Gifts-in-kind	7,283	9,014
Facilities and administrative support	109,246	82,367
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(3,669)	(11,618)
Prepaid expenses	22	(13,519)
Net pension asset	151	(135)
Deferred outflows resources related to pension	(47,158)	(6,102)
Accounts payable	(5,582)	1,437
Accrued salaries and benefits	(1,031)	10,041
Compensated absences	(760)	(2,777)
Unearned revenue	(64,642)	(61,498)
Net pension liability	11,855	(26,683)
Deferred inflows resources related to pension	1,854	17,236
Net cash used by operating activities	($860,737)	($847,097)

The accompanying notes are an integral part of the financial statements

UTAH PUBLIC RADIO

Notes to Financial Statements

For the Years Ended June 30, 2016 and June 30, 2015

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Utah Public Radio (UPR) 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 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 (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 the University'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 the University's CMIP refer to Utah State University's Annual Financial Report at www.usu.edu/controller.

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, unearned grant revenue, and certain restricted gifts.

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

UPR 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.

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 and state appropriations.

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, 2016, and June 30, 2015:

	2016	2015
Claim on cash in the University's Cash Management Investment Pool	$428,949	$485,951

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 tower rentals and a sale of programming, 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, 2015, to June 30, 2016, consists of:

	June 30, 2015	Additions	Deletions	June 30, 2016
Equipment	$1,241,510	$0	$0	$1,241,510
Accumulated depreciation	(780,267)	(49,585)	-	(829,852)
	$461,243	($49,585)	$0	$411,658

4. Capital Assets (continued)

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

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

5. Accounts Payable

All accounts payable consist of payables to suppliers.

6. Non-Current Liabilities

	Beginning Balance June 30, 2015	Additions	Deletions	Ending Balance June 30, 2016	Amounts Due Within One Year
Liability for compensated absences	$43,059	$28,189	($28,949)	$42,299	$33,391
Net pension liability	182,455	11,855	-	194,310	-
Total non-current liabilities	$225,514	$40,044	($28,949)	$236,609	$33,391

7. Economic Dependency

UPR received approximately 36 percent of its funding from Utah State University for the year ended June 30, 2016.

8. Pension Plans and Retirement Benefits

Eligible employees of Utah State University who work at Utah Public Radio are covered by the Utah Retirement Systems (Systems), 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, or Fidelity.

Defined Benefit Pension Plans

Eligible employees of UPR are provided with the following defined benefit pension plan (cost-sharing, multiple-employer plan) administered by the Utah Retirement Systems:

Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)

8. Pension Plans and Retirement Benefits (continued)

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 Utah 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.

Benefits provided - The Utah Retirement Systems provide retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits for each defined benefit plan are as follows:

System	Final Average Salary	Years of Service Required and/or Age Elligible 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%

* *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.*

Contributions - 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. For the year ended June 30, 2016 the required contribution rates for the plans were as follows:

System	Rates Paid by Employee	Rates Paid by Employer for Employee	Employer Contribution Rates
Tier 1 Noncontributory System	N/A	N/A	22.19%

For the year ended June 30, 2016, employer and employee contributions to the plans were as follows:

System	Employer Contributions	Employees' Contributions
Tier 1 Noncontributory System	$34,979	N/A

8. Pension Plans and Retirement Benefits (continued)

Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2016, UPR reported a net pension liability of $194,310. The net liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward using generally accepted actuarial procedures. UPR's proportion of the net pension liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. At December 31, 2015, UPR's proportionate shares in the defined benefit pension plans were as follows:

	Proportionate Share	Net Pension Liability
Tier 1 Noncontributory System	0.0061857%	$194,310

For the year ended June 30, 2016, UPR recognized pension expense of $39,950. At June 30, 2016, UPR reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	$15,200
Changes in assumptions	-	3,890
Net difference between projected and actual earnings on pension plan investments	$51,790	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,435	-
Contributions subsequent to the measurement date	21,420	-
Total	$75,645	$19,090

Contributions made between January 1, 2016 and June 30, 2016, of $21,420 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of 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 in pension expense as follows:

8. Pension Plans and Retirement Benefits (continued)

Year Ended December 31	Deferred Outflows (Inflows) of Resources
2016	$7,715
2017	7,715
2018	8,328
2019	11,580
2020	(37)
Thereafter	(165)

Actuarial assumptions - The total pension liability in the December 31, 2015 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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by Society of Actuaries.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

The long-term expected rate of return on defined benefit 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 Basis	Long-Term Expected Portfolio Real Rate of Return
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%

8. Pension Plans and Retirement Benefits (continued)

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.

Discount rate - 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. 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.

Sensitivity of UPR's proportionate share of the net pension liability to changes in the discount rate -The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share would be if calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	Proportionate Share of Net Pension Liability (Asset)		
Systems	**1% Decrease 6.5%**	**Discount Rate 7.5%**	**1% Increase 8.5%**
Tier 1 Noncontributory System	$351,716	$194,310	$62,348

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

Defined Contribution Plans

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required employer contributions and associated earnings are vested after four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

401(k), Tier 2 DC, and 457 Plans - For employees participating in defined benefit plans, UPR 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 10 percent of the employees' salary into a 401(k)/457 plan.

8. Pension Plans and Retirement Benefits (continued)

TIAA-CREF and/or Fidelity - TIAA-CREF and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by UPR 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. UPR's contribution to this multiple employer defined contribution plan was 14.2 percent (12.25% for post retirees) of the employees' annual salary. UPR has no further liability once annual contributions are made.

Contributions to the defined contribution plans for the fiscal year ending June 30, 2016 were as follows:

Defined Contribution Plans	Employer Contributions	Employees' Contributions
401(k) Plan	2,364	$5,400
TIAA-CREF and/or Fidelity	36,972	7,823

9. Subsequent Event

In August 2016, the Utah Retirement Systems' Board lowered the pension liability discount rate from 7.50% to 7.20% effective January 1, 2016. The effect of this change in assumption will be reflected at the Systems next measurement date of December 31, 2016. This change in assumption does not change the current required actuarial contribution rate.

UTAH PUBLIC RADIO

Required Supplementary Information
Porportionate Share of the Net Pension Liability
As of December 31, 2015

	Tier 1 Noncontributory System	
	2016	**2015**
Proportion of net pension liability/(asset)	0.0061857%	0.0072618%
Proportionate share of net pension liability/(asset)	$194,310	$182,455
Covered employee payroll	$157,632	$188,382
Proportionate share of net pension liability/(asset) as a percentage of covered employee payroll	123.3%	96.9%
Plan fiduciary net position as a percentage of total pension liability	84.5%	87.2%

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.

Changes in Assumptions - The following were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75 to 3.50 percent. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.50 to 3.25 percent. There was an improvement in the post-retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions as follows: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

UTAH PUBLIC RADIO

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

NONCONTRIBUTORY SYSTEM	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	$34,979	$41,517	$42,470	$39,556	$38,717	$36,140	$25,790	$22,582	$21,923	$25,911
Contributions in Relation to the Contractually	34,979	41,517	42,470	39,556	38,717	36,140	25,790	22,582	21,923	25,911
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered Payroll	$157,632	$188,382	$205,240	$212,498	$230,221	$223,474	$181,366	$158,804	$154,173	$183,226
Contributions as a Percentage of Covered Payroll	22.19%	22.04%	20.69%	18.61%	16.82%	16.17%	14.22%	14.22%	14.22%	14.14%

UTAH PUBLIC RADIO

Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services				Support Services							
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Support Services	2016 Total	2015 Total	% Change	% of Total Expen-ditures
Salaries, wages, and benefits	$260,278	$63,907	$23,799	$347,984	$138,725	$100,459	$57,076	$296,260	$644,244	$641,602	0.41%	50.92%
Public and employee relations	215,557	82	10,625	226,264	1,167	38,645	428	40,240	266,504	279,841	-4.77%	21.07%
Indirect costs and occupancy	46,032	10,837	4,036	60,905	23,524	17,035	9,679	50,238	111,143	84,570	31.42%	8.79%
Supplies and non-inventoried equipment	4,296	8,710	500	13,506	3,752	8,874	4,143	16,769	30,275	25,349	19.43%	2.39%
Contractual services	15,269	72,307	-	87,576	12,966	3,115	-	16,081	103,657	105,670	-1.90%	8.19%
General services	8,442	1,584	421	10,447	7,411	5,573	3,728	16,712	27,159	42,857	-36.63%	2.15%
Repairs and maintenance	427	641	-	1,068	920	18	9	947	2,015	15,973	-87.38%	0.16%
Depreciation	-	49,585	-	49,585	-	-	-	-	49,585	49,585	0.00%	3.92%
Travel	1,420	4,585	-	6,005	-	15,675	412	16,087	22,092	15,100	46.30%	1.75%
Other	-	-	-	-	6,074	2,366	-	8,440	8,440	8,435	0.06%	0.67%
Total operating expenditures	$551,721	$212,238	$39,381	$803,340	$194,539	$191,760	$75,475	$461,774	$1,265,114	$1,268,982	-0.30%	100.00%