

KCWC – TV
A/K/A WYOMING PBS
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY CENTRAL WYOMING COLLEGE)

FINANCIAL REPORT

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Central Wyoming College
KCWC – TV, a/k/a Wyoming PBS
Riverton, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of KCWC – TV, a/k/a Wyoming PBS (the “Station”), a public telecommunications entity operated by, and a fund of, Central Wyoming College (the “College”), and its discretely presented component unit, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Station’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 audits. We did not audit the financial statements of the Wyoming PBS Foundation (the “Foundation”), which are discretely presented on pages 12 and 13. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Station’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 Station’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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Station and the discretely presented component unit of the Station as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Notes 1 and 6 to the financial statements, in 2018 the Station adopted new accounting guidance with implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced GASB Statement No. 45. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements present only the Station and do not purport to, and do not, present fairly the financial position of Central Wyoming College as of June 30, 2018, the changes in financial position or, where applicable, its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America. 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, on pages 3 through 8, the Schedule of the Station's Proportionate Share of the Net Pension Liability, on page 30, the Schedule of the Station's Contributions, on page 31, the Schedule of the Station's Proportionate Share of the Total Other Postemployment Benefits (OPEB) Liability and Related Ratios, on page 32, and the Notes to Required Supplementary Information, on page 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Station's basic financial statements. The Schedule of Operating Expenses, on page 34, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Operating 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 Schedule of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 12, 2018

**KCWC-TV
A/K/A Wyoming PBS
(also operating as Wyoming Public Television)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2018 and 2017**

This section represents management's discussion and analysis of Wyoming Public Television's (Wyoming PBS) financial activity for the fiscal year ended June 30, 2018 and compared to the fiscal year 2017. Wyoming PBS is a fund of Central Wyoming College (CWC) and is included as part of CWC's financial statements. This financial report is prepared on the accrual basis, as opposed to the operating financial reports of Wyoming PBS, which are prepared on a budgetary basis. Under the accrual basis of accounting, revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Each is relevant to their respective purpose. This report was prepared by Wyoming PBS management and should be read in conjunction with the financial statements and footnotes. Responsibility for the completeness of and fairness of this information rests with Wyoming PBS.

Using this annual report:

The financial statements focus on Wyoming PBS as a whole versus the traditional presentation by fund type. Wyoming PBS's financial statements are designed to emulate corporate presentation models whereby all Wyoming PBS activities are consolidated into one total comparative analysis, with FY 2017 also included for comparison.

The Statements of Net Position include all assets/deferred outflows of resources, liabilities/deferred inflows of resources, and net position (assets/deferred outflows of resources minus liabilities/deferred inflows of resources) of Wyoming PBS. This statement combines and consolidates current financial resources with capital assets.

The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of Wyoming PBS's activities, which are supported mainly by State appropriations, grants, and contracts from Federal, state, and other sources. This statement is intended to summarize and simplify the user's analysis of the cost of the various services which Wyoming PBS provides to its service area.

The Statements of Cash Flows present cash inflows and outflows summarized by operating, capital, and noncapital financing and investing activities.

This report is intended to support and supplement the financial statements to provide a comprehensive summary.

Overview:

For Wyoming PBS, FY 2018 saw the expansion of its broadcast offerings with the addition of a 24/7 kids' channel, Wyoming PBS KIDS. Wyoming PBS maintains a broadcast and multimedia service across the State of Wyoming with three broadcast channels, i.e., a high definition and two standard definition channels, as well as a website which provides streaming, online video, program information, a shop site for local productions and other resources and educational content. These services are available to the state's citizens 24 hours per day, 365 days per year.

In 1983, when KCWC-TV (also known as Wyoming Public Television or Wyoming PBS) signed on the air, it started with one channel operating approximately 16 hours per day, and broadcasting a signal that covered only residents of Fremont County, Wyoming using one analog transmitter. From 1983 to 2001, through grants and donations, the Station gradually built out its analog broadcast system to reach about 85% of Wyoming's citizens.

After Congress passed the Telecommunications Act of 1996 requiring all broadcasters to shut down high-power analog transmitters, and for broadcasters to be broadcasting in a digital format by June 9, 2009, Wyoming PBS was required to begin its digital transition. This meant overbuilding its entire analog system with digital equipment. With State grants from the Wyoming Legislature and Federal grants from the U.S. Department of Commerce (Public Telecommunications Facilities Program, a/k/a "PTFP") and the U.S. Department of Agriculture (Rural Utilities Service, a/k/a "RUS"), Wyoming PBS eventually replaced its entire analog state network with an all-digital broadcast system, including master control, studio and production control, a satellite uplink production truck, transmitters, microwave sites, and translators (also see "Nature of Operations" for additional history of Wyoming PBS). Wyoming PBS met the digital deadline and has been fully digital since 2009, with only a few analog translators still in operation (until the FCC reclaims that spectrum, or the translators become inoperable and will not be repaired).

Because of this mandated digital transition, there were large infusions of cash and assets into Wyoming PBS in the years 2001-2012, as the Station utilized Federal and State funding, as well as contributions from private sources, to upgrade its broadcast facilities and distribution system. The Station basically converted all the grants and cash into digital equipment. However, in 2011, Congress started tightening the Federal budget in order to reduce the growing deficit, and eliminated most of the Federal grant funding (PTFP and RUS funds) that public television had used for more than 30 years to replace equipment and fund emergency needs. For a few years, there were competitive grants through stimulus funding to assist states to build out digital networks and then recently, Congress and the Federal Emergency Management Administration (FEMA) provided funding for public television network to improve the emergency response systems across the U.S. (see below for more information on this FEMA grant).

Wyoming PBS received one of the last PTFP capital equipment grants in 2011 and was able to replace its 10-year old video server in master control in 2012 (\$326,000). In terms of State digital funding, Wyoming PBS received its last digital capital equipment grant from the Wyoming Legislature in 2011 (actual funding didn't come to the budget until FY 2012), when the Wyoming Legislature funded the final phase of the high definition upgrade for the satellite uplink production truck (\$412,000). These two grants were the last major digital equipment grants received by Wyoming PBS.

In 2013, the Governor and the Wyoming Legislature recognized the high total accumulated depreciation figure on the Wyoming PBS balance sheet (\$8,294,315 in FY 2012 increasing to \$9,455,817 in FY 2013) and the need to fund depreciation and equipment maintenance. As a result, in 2013 the Wyoming Legislature allocated an additional \$100,000 per biennium/\$50,000 annually to Wyoming PBS to fund equipment repair and replacement. Since one of the most important Station priorities is to maintain the quality and reliability of the digital statewide broadcast system and production facilities, this funding has become critical as digital equipment continues to age, and need replacement, and our system is adversely effected by harsh weather conditions throughout the year.

In 2008, the Wyoming Legislature allocated \$1.5 million to a “State Production Endowment” for Wyoming PBS, to be matched on a dollar-for-dollar basis. The match was met in July 2015, resulting in a \$3 million Endowment managed by the Wyoming State Treasurer. In FY 2018 and 2017, this endowment delivered nearly \$108,000 and \$64,000, respectively, in funding to Wyoming PBS.

SUMMARY OF OPERATIONS

Engineering. In FY 2018, the primary focus was the replacement of translator frequencies mandated by the FCC “Spectrum Auction.” Wyoming PBS started work on 15 translators during FY 2018, completing the work on 7 to meet the FCC deadlines for those facilities. The remaining translator modifications will be completed in FY 2019.

Production/Local Programming. Production of local programs continues to be of primary importance for Wyoming PBS. During FY 2018, three full-time producers worked to create local content. In addition to over the air broadcasts, Wyoming PBS entered into an agreement to live stream selected multi-day hearings of the Wyoming Legislature. Wyoming PBS also continued production of two major documentaries, “Glaciers of the Winds” and “The Bozeman Trail” which will air in FY 2019. Finally, Wyoming PBS began distribution of a “digital” first series of short features, called “Our Wyoming.” These features are distributed first on Facebook and Social Media, and then made available for broadcast.

Here are the television productions completed in FY 2018:

Capitol Outlook, eight 60-minute programs	8.0 hours
Farm to Fork, five 30-minute programs	2.5 hours
Main Street, Wyoming	.5 hour
State of the State Address	1.5 hours
Gubernatorial and Senate Primary Debate Coverage	3.0 hours
Wyoming Chronicle, 26 30-minute programs; two 60-minute programs	15.0 hours
Our Wyoming, 11 features	1.5 hours
Total local broadcast production:	32.0 hours

Here are the streaming productions completed in FY 2018:

Wyoming Legislative Committees, three multi-day hearings	30.0 hours
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Viewership. Wyoming PBS's audience is measured four times a year by the Nielsen Ratings service, February, May, July, and November. In May of 2010, approximately 31,500 citizens of Wyoming watched Wyoming PBS at least once a week. In May of 2016, approximately 32,600 citizens watched at least once a week. May of 2018, Nielsen reports approximately 39,000 citizens of Wyoming watched Wyoming PBS at least once a week. However, this is a false increase. In the Spring of 2018, Nielsen changed its reporting methodology. 2018 audience figures can no longer be accurately compared to figures prior to 2018.

In FY 2018, Wyoming PBS continued to expand its online video offerings by licensing streaming rights to programs created by Wyoming independent producers. In addition, Wyoming PBS expanded its use of FaceBook as an online video channel through the creation of the "digital first" series "Our Wyoming" and through the use of FaceBook and YouTube live streaming. As a result of these initiatives, in FY 2018, videos were viewed over 3.5 million times on Wyoming PBS online channels.

Education. In FY 2018, Wyoming PBS Education Coordinator Carol Garber coordinated curriculum and video content for 36 localized PBS LearningMedia resources. She also provided 7 workshops for educators training them on the PBS LearningMedia portal. Carol also traveled the state providing early childhood literacy events to 9 communities in Wyoming during April 2018, serving nearly 600 children and parents.

In addition, four new Learning Objects and 12 Lesson Plans were added to the Wind River Education Project Website.

Fundraising. The Wyoming PBS Foundation had a moderately successful year and, through current year private and corporate fundraising programs as well as private foundation and Wyoming state agency grants, provided \$166,961 in support to Wyoming PBS. While this is a significant decrease from the level of support received in FY 2017 of \$249,085, it does not reflect weakness in fundraising. Beginning in 2017, Wyoming PBS and the Wyoming PBS Foundation changed philosophy on requesting funding.

Previously, funds were transferred to Wyoming PBS as soon as they were raised, even though the funds were not immediately needed by Wyoming PBS. Under the new philosophy, the Wyoming PBS Foundation retains the funds, and earns a higher rate of interest, until Wyoming PBS requests the funds be transferred. Funds are available at the Wyoming PBS Foundation to cover Wyoming PBS current and projected production costs.

STATEMENTS OF NET POSITION

	2018	2017*	2016*
ASSETS			
Current Assets	\$ 3,774,918	\$ 3,401,543	\$ 3,020,412
Noncurrent Assets	970,350	1,168,193	1,559,157
Total Assets	4,745,268	4,569,736	4,579,569
DEFERRED OUTFLOWS OF RESOURCES			
	267,000	217,830	274,749
LIABILITIES			
Current Liabilities	30,760	30,518	25,979
Noncurrent Liabilities	1,668,206	1,011,625	1,068,205
Total Liabilities	1,698,966	1,042,143	1,094,184
DEFERRED INFLOWS OF RESOURCES			
	363,015	118,428	44,790
NET POSITION			
Capital Net Position	970,350	1,168,193	1,559,157
Restricted Net Position	1,492,482	1,849,022	1,116,357
Unrestricted Net Position	487,455	609,780	1,039,830
Total Net Position	\$ 2,950,287	\$ 3,626,995	\$ 3,715,344

* GASB Statement No. 75 is effective for the year ended June 30, 2018. Fiscal years 2016 and 2017 were not restated. For further discussion, see Note 6 in the financial statements.

Wyoming PBS's total assets figure for FY 2017 reflects the continuing decline in our net capital assets largely due to the Station's accumulated depreciation on digital equipment (total net capital assets are down from \$1,559,157 in 2016, to \$1,168,193 in 2017, to \$970,350 in 2018).

Comparing "noncurrent asset" figures, FY 2016 to FY 2018, shows that decline clearly – there is a difference of \$197,843 in "noncurrent" assets from 2017 to 2018, compared to \$390,964 from 2016 to 2017 (see Note 3). During all three years, the current assets have remained stable and comparable, except for the increase in amounts due from other College departments.

Station management recognizes that digital equipment is aging twice as fast as analog equipment and, in fact, most digital equipment has a useful life of 3-5 years, where analog equipment was depreciated over 10 or even 15 years. For this reason, the Station appealed to the Wyoming Legislature in 2013 for a "repair and replacement" budget, and the Legislature responded with an additional \$100,000 to be added to our standard operational biennial appropriation starting with FY 2014. This additional biennial \$100,000 for repairs does not provide a true capital replacement budget, but it will partially fund engineering, travel, software maintenance contracts, and minor repair and maintenance of equipment and vehicles. Unfortunately, because of continued depreciation and aging, the effect of GASB Statement 68, and due to the total OPEB liability resulting from the adoption of GASB Statement No. 75 in the current year (see further discussion in Note 6), our total net position has decreased in FY 2018 from \$3,715,344 in 2016, to \$3,626,995 in 2017 to \$2,950,287 in 2018.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2018	2017*	2016*
Operating Revenues from Grants and Contracts	\$ 2,090,483	\$ 1,871,005	\$ 1,960,285
Operating Expenses	(4,723,153)	(4,590,479)	(5,481,306)
Operating Loss	(2,632,670)	(2,719,474)	(3,521,021)
Nonoperating Revenues	2,714,769	2,631,125	2,815,223
(Decrease) in Net Position	82,099	(88,349)	(705,798)
Net Position			
Beginning of year, as previously reported	3,626,995	3,715,344	4,421,142
Restatement to Prior Period	(758,807)	-	-
Beginning of year, as restated	2,868,188	3,715,344	4,421,142
End of year	\$ 2,950,287	\$ 3,626,995	\$ 3,715,344

* GASB Statement No. 75 is effective for the year ended June 30, 2018. Fiscal years 2016 and 2017 were not restated. For further discussion, see Note 6 in the financial statements.

The Station's total nonoperating revenues have remained relatively consistent for all three years.

Station operating expenses increased between 2017 and 2018 (from \$4,590,479 in 2017 to \$4,723,153 in 2018) due to increased engineering costs related to the FCC mandated translator changes. Station operating expenses decreased between 2016 and 2017 (from \$5,481,306 in 2016 to \$4,590,479 in 2017) due to decreased programming costs for both productions and purchased/renewed programming, as well as a reduction of staff size by two FTE.

KCWC - TV, a/k/a WYOMING PBS
A Public Telecommunications Entity Operated by
Central Wyoming College

STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017 (Note 1)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 3,774,918	\$ 2,663,490
Due from other College departments	-	738,053
Total current assets	3,774,918	3,401,543
Noncurrent Assets		
Capital assets (Note 3)	970,350	1,168,193
Total assets	4,745,268	4,569,736
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows (Note 5)	233,106	217,830
OPEB-Related Outflows (Note 6)	33,894	-
Total deferred outflows of resources	267,000	217,830
LIABILITIES		
Current Liabilities		
Accrued compensated absences (Note 8)	30,760	30,518
Total current liabilities	30,760	30,518
Noncurrent Liabilities		
Accrued compensated absences (Note 8)	92,278	91,555
Net pension liability (Note 5)	848,477	920,070
Total OPEB liability (Note 6)	727,451	-
Total noncurrent liabilities	1,668,206	1,011,625
Total liabilities	1,698,966	1,042,143
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows (Note 5)	241,536	118,428
OPEB-Related Inflows (Note 6)	121,479	-
Total deferred inflows of resources	363,015	118,428
NET POSITION		
Invested in capital assets	970,350	1,168,193
Restricted:		
Public service uses	1,492,482	1,849,022
Unrestricted	487,455	609,780
Total net position	\$ 2,950,287	\$ 3,626,995

See Notes to Financial Statements.

KCWC - TV, a/k/a WYOMING PBS
A Public Telecommunications Entity Operated by
Central Wyoming College

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2018 and 2017

	2018	2017 (Note1)
Operating Revenues		
Grants and contracts	<u>\$ 2,090,483</u>	<u>\$ 1,871,005</u>
Operating Expenses		
Program services:		
Programming, production, and broadcasting (Note 7)	3,104,295	2,768,350
Depreciation (Note 3)	432,944	485,095
Support services:		
Management and general	<u>1,185,914</u>	<u>1,337,034</u>
Total operating expenses	<u>4,723,153</u>	<u>4,590,479</u>
Operating (loss)	<u>(2,632,670)</u>	<u>(2,719,474)</u>
Nonoperating Revenue		
State appropriations	1,944,744	1,718,008
Institutional support from Central Wyoming College	<u>770,025</u>	<u>913,117</u>
Total nonoperating revenue	<u>2,714,769</u>	<u>2,631,125</u>
Increase (decrease) in net position	<u>82,099</u>	<u>(88,349)</u>
Net Position		
Beginning of year, as previously stated	3,626,995	3,715,344
Restatement to prior period (Note 6)	<u>(758,807)</u>	<u>-</u>
Beginning of year, as restated	<u>2,868,188</u>	<u>3,715,344</u>
End of year	<u><u>\$ 2,950,287</u></u>	<u><u>\$ 3,626,995</u></u>

See Notes to Financial Statements.

KCWC - TV, a/k/a WYOMING PBS
A Public Telecommunications Entity Operated by
Central Wyoming College

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017 (Note 1)
Cash Flows from Operating Activities		
Operating revenues received	\$ 2,760,823	\$ 1,473,006
Payments to/for the benefit of employees	(1,610,249)	(1,383,784)
Payments to suppliers	(1,748,789)	(1,694,026)
Net cash (used in) operating activities	(598,215)	(1,604,804)
Cash Flows from Noncapital Financing Activities		
State appropriations	1,944,744	1,718,008
Cash Flows from Capital Activities		
Purchase of capital assets	(235,101)	(113,204)
Net increase in cash and cash equivalents	1,111,428	-
Cash and cash equivalents		
Beginning of year	2,663,490	2,663,490
End of year	\$ 3,774,918	\$ 2,663,490
Reconciliation of Operating Loss to Net Cash		
(Used in) Operating Activities		
Operating (loss)	\$ (2,632,670)	\$ (2,719,474)
Adjustments to reconcile net operating (loss) to net cash (used in) operating activities:		
Loss on disposal of fixed asset	-	19,073
Depreciation expense	432,944	485,095
Noncash institutional support expenses	770,025	913,117
Net pension liability	(71,593)	(70,198)
Deferred outflows - pension	(15,276)	56,919
Deferred inflows - pension	123,108	73,638
Total OPEB liability	(31,356)	-
Deferred outflows - OPEB	(33,894)	-
Deferred inflows - OPEB	121,479	-
Changes in operating liabilities:		
Accrued expenses	965	18,157
Due to (from) other College departments	738,053	(381,131)
Net cash (used in) operating activities	\$ (598,215)	\$ (1,604,804)

See Notes to Financial Statements.

WYOMING PBS FOUNDATION
(A Component Unit of KCWC-TV, a/k/a Wyoming PBS)

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 566,296	\$ 500,412
Other current assets	16,666	16,596
Investments	306,232	281,936
Property and improvements	108,710	109,209
Total assets	\$ 997,904	\$ 908,153
LIABILITIES		
Annuity agreements	\$ 46	\$ 112
Note payable	25,184	29,769
Accrued benefits	21,716	26,312
Total liabilities	46,946	56,193
NET ASSETS		
Unrestricted	647,757	600,907
Temporarily restricted net assets	83,569	41,490
Permanently restricted	219,632	209,563
Total net assets	950,958	851,960
Total liabilities and net assets	\$ 997,904	\$ 908,153

See Notes to Financial Statements.

WYOMING PBS FOUNDATION
(A Component Unit of KCWC-TV, a/k/a Wyoming PBS)

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018	2017
Unrestricted		
Revenue, gain, and support:		
Contributions	\$ 196,348	\$ 358,573
Investment/interest income	157,959	59,904
Other	89,766	104,902
Total unrestricted revenue, gain, and support	444,073	523,379
Operating expenses:		
Program services:		
College support	137,611	249,085
Supporting services:		
Management and general	365,595	337,727
Total unrestricted operating expenses	503,206	586,812
Net assets released or valuation change	105,983	62,963
Change in unrestricted net assets	46,850	(470)
Temporarily Restricted		
Contributions	158,131	53,848
Net assets released or transferred	(116,052)	(80,675)
Change in temporarily restricted net assets	42,079	(26,827)
Permanently Restricted		
Valuation change	10,069	17,712
Change in permanently restricted net assets	10,069	17,712
Change in net assets	98,998	(9,585)
Net Assets		
Beginning of year	851,960	861,545
End of year	\$ 950,958	\$ 851,960

See Notes to Financial Statements.

KCWC – TV, a/k/a Wyoming PBS
A Public Telecommunications Entity
Operated by Central Wyoming College

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: KCWC–TV, a/k/a Wyoming PBS (the “Station”), is a full-service public television station licensed to Central Wyoming College (the “College”), with studio and office facilities located at 2660 Peck Avenue, Riverton, Wyoming. The Station was built in 1981-82 with a grant from the U.S. Department of Commerce, and signed on the air on May 10, 1983 with one full-power, analog transmitter on Limestone Peak near South Pass, Wyoming. Initially, the Station had a staff of ten full-time and three part-time people, providing approximately 16 hours of programming per day to Fremont County, which included the Wind River Indian Reservation. From 1983-1999, using Federal grants and private donations, the Station expanded its coverage area to reach approximately 85% of the state with an analog signal.

Congress passed the *Telecommunications Act of 1996* requiring all broadcasters to be broadcasting a digital signal by December 31, 2006. In response to that mandate in 2001, the Wyoming State Legislature provided its first phase of funding to the Station to begin its transition to a digital broadcast service. The Legislature provided subsequent capital funding and the Station sought additional Federal grants in order to upgrade transmission and studio facilities to digital. The Station actually broadcast its first digital signal in February 2003, but the transition continued an additional eight years to reach about 90% of the state with a digital broadcast signal.

By 2011, much of the old analog equipment had been replaced with digital equipment, and the Station’s transmission system included three digital transmitters (one located on Limestone Peak, a second located near Laramie, Wyoming, and a third located on Casper Mountain), as well as a digital two-way microwave system and 35 digital translators. The Station can also be seen in 48 Wyoming towns on various cable systems, and in five counties via satellite (Natrona, Converse, Fremont, Hot Springs, and Washakie). The Station currently employs 23 full-time and two part-time staff, and it provides local programs, a content-rich website, a high definition and a standard definition channel of unique programming 24 hours a day, 365 days a year.

The Station receives funding from a variety of sources, including the State of Wyoming, the Corporation for Public Broadcasting, the Wyoming PBS Foundation, grants from miscellaneous sources, and some contract revenue for production services.

The Station seeks to provide a multimedia service that informs, educates, and enriches the lives of Wyoming citizens to help them more fully understand and participate in local, national, and global events. The Station mission statement reflects this: “To connect and enrich the lives of Wyoming citizens through excellence and innovation in media.”

The College is one of Wyoming’s seven public, two-year community colleges and is the institutional licensee for the Station. The Station is a fund of the College, and its operations are included as part of the College’s entity-wide financial statements. The College Board of Trustees is the governing body for the Station, and establishes the policies and procedures by which the Station operates.

The financial statements of the Station have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to colleges and universities, as well as guidance prescribed by the Wyoming Community College Commission (WCCC). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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Significant accounting policies are described below:

Reporting entity: The Station is a fund of the College. As defined by GAAP, the financial reporting entity of the Station consists of itself as well as its component unit, the Wyoming PBS Foundation (the “Foundation”).

The Foundation is a legally separate, tax-exempt entity. The Foundation’s purpose is to receive contributions, manage and invest assets, and make distributions to and for the benefit of the Station. A copy of the financial statements for the Foundation can be obtained by calling (307) 856-6944.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Station. Although the Station does not control the timing or amount of receipts from the Foundation, the majority of resources held and support received by the Foundation is restricted to the activities of the Station. Because of these restrictions, the Foundation is considered a component unit of the Station.

The Foundation is a private, non-profit organization that reports financial results in accordance with the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation. Because of these differences, the financial information for the Foundation has been reported separately from that of the Station.

No modifications have been made to the Foundation’s financial information as reported in accordance with FASB or to the Station’s financial information as reported in accordance with GASB. However, significant note disclosures from the Foundation’s financial statements have been incorporated into the Station’s notes to the financial statements (see Note 9).

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the Station’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

In accordance with the Corporation for Public Broadcasting Principles of Accounting and Financial Reporting for Telecommunications Entities, certain College institutional support amounts have been recognized as revenue and expenses. These amounts have been computed in accordance with the instructions of the Corporation for Public Broadcasting Annual Financial Report.

The total amount of institutional support from the College recognized in the Statements of Revenues, Expenses, and Changes in Net Position as nonoperating revenue and operating expenses for the years ended June 30, 2018 and 2017 amounted to \$770,025 and \$913,117, respectively.

Cash and cash equivalents: Cash and cash equivalents consist of all cash, either on hand or in banks, including time deposits, and any highly liquid investments purchased with a maturity of three months or less.

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Capital assets: Capital assets include only the property and equipment purchased by, constructed by, or donated to the Station. The capitalization policy for the Station conforms to the policy of the College, which is based on the policy adopted by the WCCC. The policy is as follows: Infrastructure assets with initial costs that equal or exceed \$50,000 are capitalized; expenditures for buildings and improvements having a useful life greater than five years and a value greater than \$50,000 are capitalized; and expenditures for other capital items having a useful life greater than one year and a value greater than \$5,000 are also capitalized. Individual items having a lesser value may be capitalized if they are purchased in a group.

Capital assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is included as part of the capitalized value of the assets constructed.

The Station has no infrastructure assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20-40 years for buildings and improvements; 3-14 years for furniture and equipment; and 5-10 years for vehicles.

Noncurrent liabilities: Noncurrent liabilities include estimated amounts for accrued compensated absences, the net pension liability, and the total OPEB liability, which will not be paid within the next fiscal year.

Net position: The Station's net position is classified as follows:

Invested in capital assets: This represents the Station's total investment in capital assets, net of accumulated depreciation.

Restricted net position – expendable: This includes resources that the Station is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted net position: This includes resources derived from sources that are not required to be reported in one of the above classifications. These resources are used for transactions relating to the general operations of the Station and may be used at the discretion of the governing board to meet current expenses for any purpose.

Compensated absences: The College policy permits all employees to accumulate a limited amount of vacation and sick leave. These benefits are payable to employees upon separation from service. All leave pay is accrued when incurred, and a liability for these amounts is reported in compliance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station considers approximately 25% of this liability to be current and due within one year.

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Classification of revenues: The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as 1) most funding from public broadcasting entities, 2) most Federal, state, and local grants and contracts and Federal appropriations, and 3) sales and services.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as 1) State appropriations, 2) some Federal, state, and local grants and contracts, and 3) gifts and contributions.

Estimates: The accounting policies of the Station conform, as applicable, to public colleges and universities. Preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Actual results could differ from those estimates.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS), and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment benefits other than pensions (OPEB): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State of Wyoming Group Insurance Retiree Health Plan, have been determined on the same basis as they are reported by the State of Wyoming. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Recent pronouncement: In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45 and requires balance sheet recognition of a liability which resembles the current unfunded accrued liability. The Statement also enhances accountability and transparency through revised and new note disclosure and required supplementary information. The statement is effective for fiscal years beginning after June 15, 2017. Accounting changes adopted to conform to the provisions of this statement were applied beginning in the year ended June 30, 2018 retroactively by restating the beginning net position. While June 30, 2017 is presented, this column was not restated as the information to do so was not readily available. See discussion of prior period restatement in Note 6.

Note 2. Cash and Cash Equivalents

The Station's cash and cash equivalents are included in the cash accounts of the College. The Station's share of these amounts as of June 30, 2018 and 2017 was \$3,774,347 and \$2,663,490, respectively. The College invests cash in excess of immediate needs in money market funds. Cash balances in excess of Federally insured limits are collateralized.

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Note 3. Capital Assets

Capital asset activity for the fiscal years ended June 30, 2018 and 2017 was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Nondepreciable Capital Assets				
Land and improvements	\$ 69,997	\$ -	\$ -	\$ 69,997
Total nondepreciable capital assets	69,997	-	-	69,997
Depreciable Capital Assets				
Buildings and improvements	470,732	-	-	470,732
Furniture and equipment	11,960,848	235,101	(15,260)	12,180,689
Vehicles	815,385	-	-	815,385
Total depreciable capital assets	13,246,965	235,101	(15,260)	13,466,806
Total capital assets	13,316,962	235,101	(15,260)	13,536,803
Less Accumulated Depreciation				
Buildings and improvements	199,852	16,691	-	216,543
Furniture and equipment	11,140,645	409,139	(15,260)	11,534,524
Vehicles	808,272	7,114	-	815,386
Total accumulated depreciation	12,148,769	432,944	(15,260)	12,566,453
Capital Assets, net	\$ 1,168,193	\$ (197,843)	\$ -	\$ 970,350
<hr/>				
	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets				
Land and improvements	\$ 69,997	\$ -	\$ -	\$ 69,997
Total nondepreciable capital assets	69,997	-	-	69,997
Depreciable Capital Assets				
Buildings and improvements	470,732	-	-	470,732
Furniture and equipment	12,013,285	113,204	(165,641)	11,960,848
Vehicles	994,239	-	(178,854)	815,385
Total depreciable capital assets	13,478,256	113,204	(344,495)	13,246,965
Total capital assets	13,548,253	113,204	(344,495)	13,316,962
Less Accumulated Depreciation				
Buildings and improvements	183,161	16,691	-	199,852
Furniture and equipment	10,831,826	455,387	(146,568)	11,140,645
Vehicles	974,109	13,017	(178,854)	808,272
Total accumulated depreciation	11,989,096	485,095	(325,422)	12,148,769
Capital Assets, net	\$ 1,559,157	\$ (371,891)	\$ (19,073)	\$ 1,168,193

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Note 4. Retirement Commitment – TIAA

The College offers a retirement benefit to all permanent full-time employees that is equal to 15.87% of the employee's monthly salary. Eligible College employees may participate in one of two pension plans offered by the College, either Wyoming Retirement System (WRS – see Note 5) or Teachers Insurance and Annuity Association (TIAA). TIAA is a private defined contribution retirement plan, which is portable to other institutions and states. For the years ended June 30, 2018, 2017, and 2016, the Station's share of the College's contributions to TIAA were \$76,549, \$76,963, and \$93,959, respectively.

Note 5. Retirement Commitment – Wyoming Retirement System

Plan description: Substantially all employees of the Station, excluding those participating in the TIAA defined contribution plan, are provided with pensions through the Public Employee Pension Plan – a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. The WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. The WRS issues a publicly available financial report that may be obtained from the WRS office, located at 6101 Yellowstone Road, Cheyenne, Wyoming 82002. The financial report may also be obtained by accessing the WRS website at <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average over 15 years.

Service Retirement Tier 2: Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

Survivor's Benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

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Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2018, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the Station has elected to pay 6.195% of the member’s contribution in addition to the employer’s contribution. Total contributions to the pension plan from the Station were \$96,365, \$94,541, and \$107,439, for the years ended June 30, 2018, 2017, and 2016, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2018 and 2017, the Station reported a liability of \$848,477 and \$920,070, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and incorporated assumption changes adopted by the Wyoming Retirement System Board effective August 23, 2017. The Station’s proportion of the net pension liability was based on the relationship of the Station’s total contributions to the plan for the year ended December 31, 2017 to the contributions of all participating employers for the same period. At December 31, 2017, the Station’s proportion was 0.03722459151%, which was a decrease from its December 31, 2016 proportion of 0.03805866875%.

For the years ended June 30, 2018 and 2017, the Station recognized pension expense of \$91,609 and \$118,014, respectively. At June 30, 2018 and 2017, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 30,671
Changes of assumptions	82,443	-
Net difference between projected and actual earnings on pension plan investments	122,300	138,452
Changes in proportionate share of contributions	-	72,413
Contributions subsequent to the measurement date	28,363	-
	<u>\$ 233,106</u>	<u>\$ 241,536</u>

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 26,106
Net difference between projected and actual earnings on pension plan investments	190,096	-
Changes in proportionate share of contributions	-	92,322
Contributions subsequent to the measurement date	27,734	-
	<u>\$ 217,830</u>	<u>\$ 118,428</u>

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An amount of \$28,363 reported as deferred outflows of resources related to pensions resulting from the Station’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 4,285
2020	6,365
2021	(15,940)
2022	<u>(31,503)</u>
	<u>\$ (36,793)</u>

Actuarial assumptions: The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions adopted by the Wyoming Retirement Systems Board effective August 23, 2017 and applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% – 6.00%, including inflation
Payroll growth rate	2.50%
Investment rate of return	7.00%, net of pension plan investment expense

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return	Long-Term Expected Arithmetic Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
	<u>100.00%</u>		

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Experience analysis: An experience study was conducted on behalf of all WRS’s plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. 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.

Sensitivity of the employer’s proportionate share of the net pension liability to changes in the discount rate: The following presents the Station’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Station’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 1,282,376	\$ 848,477	\$ 486,608

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued WRS financial report.

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Note 6. Postemployment Benefits Other Than Pensions (OPEB) Commitment and Prior Period Adjustment

On July 1, 2017, the Station implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognizes a long-term obligation for OPEB benefits. The accounting change adopted to conform to the provisions of GASB Statement No. 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2018, which included recording a total OPEB obligation of \$758,807. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2017, the Station has elected to not restate the information presented for the period ended June 30, 2017.

General Information about the OPEB Plan

Plan description: Eligible employees of the Station are provided with OPEB through the State of Wyoming Group Insurance Retiree Health Plan (Plan) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance (EGI). Any employee of a participating agency is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that:

1. The employee had coverage in effect under the Plan for at least one year just prior to termination; and
2. The employee is eligible to receive a retirement benefit under the Wyoming Retirement System and either
 - a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan or
 - b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan. Retirement eligibility varies under each system within the Wyoming Retirement System. The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the Plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming's Comprehensive Annual Financial Report.

Benefits Provided: The Plan provides medical and prescription drug benefits for retirees and their dependents through payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree's death provided they were covered at the time of death.

Funding Policy: EGI finances this program on a pay-as-you-go basis and has no assets held in trust. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.

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***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the Station reported a liability of \$727,451 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Station's proportion of the collective total OPEB liability was based on a projection of the Station's expected payments/contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. At June 30, 2018 the Station's proportion was 0.09196686382%.

For the year ended June 30, 2018, the Station recognized OPEB expense of \$56,229. At June 30, 2018 the Station reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,894	\$ -
Changes of assumptions	-	121,479

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Station's OPEB expense as follows:

Year ended June 30,	
2019	\$ (10,813)
2020	(10,813)
2021	(10,813)
2022	(10,813)
2023	(10,813)
Thereafter	(33,520)
	<u>\$ (87,585)</u>

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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2017 (based on July 1, 2017 census data).
Inflation	2.50%
Salary Increases	2.50% - 6.00%
Mortality Rates	Pre-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Post-Termination: RP-2006 Combined, 100% male, 88% female, generational projection using MP-2017. Disabled: RP-2006 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare: 4.50% - 7.60% Medicare: 4.50% - 8.10%
Participation Rate	65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential	Males are assumed to be 3 years older than females.
Cost Method	Entry Age Normal. Under this method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay over the year. The Normal Cost is equal to the prorated cost for the year of the valuation.
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

The health care trend rate assumption was based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data and vendor Rx report with adjustments based on the provisions of the benefits offered by EGI. For the excise tax, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.5% per year. On a blended basis, the excise tax threshold is estimated to hit in 2029.

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. Significant assumptions varied within the various retirement plans within the Wyoming Retirement System.

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Discount rate: The discount rate used to measure the total OPEB liability was 3.58%, which represents an increase from the discount rate of 2.85% utilized for the June 30, 2016 measurement date. The discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of the Station’s proportionate share of the collective total OPEB liability to changes in the discount rate: The following presents the Station’s proportionate share of the collective total OPEB liability as well as what the Station’s proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Increase (4.58%)	Current Discount Rate (3.58%)	1% Decrease (2.58%)
Proportionate share of the collective total OPEB liability	\$ 605,419	\$ 727,451	\$ 886,063

Sensitivity of the Station’s proportionate share of the collective total OPEB Liability to changes in the healthcare cost trend rates: The following presents the Station’s proportionate share of the collective total OPEB liability, as well as what the Station’s proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Increase	Current Healthcare Cost Trend Rates	1% Decrease
Non-Medicare	8.60%	6.60%	6.60%
Medicare	9.10%	7.10%	7.10%
Proportionate share of the collective total OPEB liability	\$ 883,364	\$ 727,451	\$ 612,159

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Note 7. Commitments and Contingencies

Litigation: Various claims and lawsuits may arise in the ordinary course of operations. Management believes there were no material claims or lawsuits against the Station which would result in losses which would materially affect the financial position of the Station or the results of operations as of June 30, 2018.

The Station is insured through the College's insurance policy. The College purchases commercial insurance to help insure against risks of loss. Coverage carried includes property, general liability, automobile liability, and errors and omissions.

No significant reduction in the College's insurance coverage has occurred, nor has the amount of settled claims exceeded the insurance coverage in the past three years.

Operating leases: The Station has several leases for the use of space for broadcast towers and equipment, which expire between December 2018 and February 2089, and require various minimum monthly payments.

The future minimum lease payments are as follows:

Fiscal Year	
2019	\$ 40,963
2020	36,567
2021	27,035
2022	15,242
2023	7,028
Thereafter	<u>55,273</u>
	<u>\$ 182,108</u>

Rental expense under above leases, donated leases and month-to-month leases for the years ended June 30, 2018 and 2017 was \$43,544 and \$40,184, respectively, which is included in the programming, production, and broadcasting expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

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Note 8. Changes in Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2018 and 2017 is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Other Liabilities					
Compensated absences	\$ 122,073	\$ 87,926	\$ (86,961)	\$ 123,038	\$ 30,760
Total other liabilities	\$ 122,073	\$ 87,926	\$ (86,961)	\$ 123,038	\$ 30,760

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Other Liabilities					
Compensated absences	\$ 103,916	\$ 100,131	\$ (81,974)	\$ 122,073	\$ 30,518
Total other liabilities	\$ 103,916	\$ 100,131	\$ (81,974)	\$ 122,073	\$ 30,518

Note 9. Component Unit Information

The Foundation is a legally separate, tax-exempt component unit of the College and, more specifically, the Station (see Note 1). The Foundation's Statements of Financial Position and Statements of Activities have been included on pages 12 and 13. Significant note disclosures to the Foundation's financial statements are included below.

Endowment funds: The Foundation established an endowment fund at the Wyoming Community Foundation with donor funds. Any funds transferred to the Wyoming Community Foundation are not returned to the Wyoming PBS Foundation. The Wyoming Community Foundation pays investment earnings on the fund to the Wyoming PBS Foundation.

At June 30, 2018, total funds in the Wyoming Community Foundation account were \$1,190,653. These funds are not an asset of the Wyoming PBS Foundation, but are held by the Wyoming Community Foundation to benefit the Wyoming PBS Foundation. The Wyoming PBS Foundation received distributions of \$39,930 and \$37,116 for the years ended June 30, 2018 and 2017, respectively.

The Foundation established an endowment fund account with Wells Fargo Financial Services to manage and invest endowment funds for the Foundation. This fund manages endowment gifts designated by donors. The Board of the Wyoming PBS Foundation adds a percentage of unrestricted donations to the endowment fund. The total value of the endowment fund was \$306,232 and \$281,936 as of June 30, 2018 and 2017, respectively. This fund includes unrestricted and permanently restricted funds.

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NOTES TO FINANCIAL STATEMENTS

Note payable: The Foundation purchased its building on February 25, 2004 with a \$95,000 mortgage on the building and land. Total cost of the building and land was \$135,000. The note was refinanced for a ten-year period starting April 2013 at a 5% interest rate with monthly principal and interest payments and matures February 25, 2023.

Wyoming Public Television \$1.5 million Production Endowment: The Wyoming Legislature established a \$1.5 million matching endowment for the Station in January 2008, with the funds to be held in trust by the Wyoming State Treasurer and administered by the Wyoming Community College Commission (WCCC), for deposit and interest distribution. With each deposit of private gifts from the Station, the State will match that amount up to \$1.5 million.

The Foundation provided private gifts to the Station which were forwarded to the WCCC for deposit into the Production Endowment. Those checks were not receipted into the Station accounts, but were signed, with an affidavit, and transferred to the WCCC for deposit with the Wyoming State Treasurer into the endowment.

Investments: Investments are composed of mutual funds, stocks, and bonds and are carried at fair value. Investments held by these accounts are valued by the custodians at quoted stock prices in active markets for identical assets (Level 1 values). Unrealized gains at June 30, 2018 amounted to \$406.

Furniture, equipment, and property: Capital assets are carried at cost and depreciated over their useful lives using the straight-line method. Estimated useful lives range from five to seven years for furniture and equipment and 39 years for the building.

Total furniture, equipment, and property before accumulated depreciation amounted to \$188,153 at June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

KCWC - TV, a/k/a WYOMING PBS
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SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Public Employee Pension Plan
Last 5 Fiscal Years*

	Station's proportion of the net pension liability	Station's proportionate share of the net pension liability	Station's covered payroll	Station's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.04439663860%	\$ 675,007	\$ 774,012	87%	81.10%
2015	0.04423105700%	780,543	766,747	102%	79.08%
2016	0.04251260319%	990,268	759,257	130%	73.40%
2017	0.03805866875%	920,070	680,726	135%	73.42%
2018	0.03722459151%	848,477	654,106	130%	76.35%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

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SCHEDULE OF THE STATION'S CONTRIBUTIONS
Public Employee Pension Plan
Last 5 Fiscal Years*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll pension liability
2014	\$ 56,296	\$ 56,296	\$ -	\$ 790,675	7.12%
2015	57,078	57,078	-	749,059	7.62%
2016	61,741	61,741	-	737,650	8.37%
2017	54,330	54,330	-	649,098	8.37%
2018	55,378	55,378	-	661,621	8.37%

** This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

KCWC - TV, a/k/a WYOMING PBS
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SCHEDULE OF THE STATION'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS
State of Wyoming Employee Group Insurance Retiree Health Plan
Year Ended June 30, 2018*

	Station's proportion of the total OPEB liability	Station's proportionate share of the total OPEB liability	Station's covered payroll	Station's proportionate share of the total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.09196686382%	\$ 727,451	N/A	N/A	0.00%

** This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

KCWC – TV, a/k/a Wyoming PBS
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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

Changes in assumptions: There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date which were approved by the Wyoming Retirement System Board effective August 23, 2017.

Note 2. OPEB Commitment

Changes in benefit terms: There were no changes in benefit terms since the prior valuation.

Changes in assumptions: The valuation reflects the following assumption changes from the June 30, 2016 measurement date to the June 30, 2017 measurement date.

- Discount rate changed from 2.85% to 3.58%.
- Health care trend rates were changed.
- The following assumptions were updated based on the December 31, 2016 actuarial experience study for the Wyoming Retirement System:
 - Mortality rates
 - Retirement rates
 - Withdrawal rates
 - Disability rates
 - Salary increase rates

SUPPLEMENTARY INFORMATION

KCWC - TV, a/k/a WYOMING PBS
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SCHEDULES OF OPERATING EXPENSES
Years Ended June 30, 2018 and 2017

	2018			2017		
	Direct	Indirect	Total	Direct	Indirect	Total
Program Services:						
Salaries	\$ 924,395	\$ -	\$ 924,395	\$ 919,425	\$ -	\$ 919,425
Benefits	519,972	-	519,972	306,475	-	306,475
Operating expenses	1,659,928	-	1,659,928	1,542,450	-	1,542,450
Total program services	3,104,295	-	3,104,295	2,768,350	-	2,768,350
Support Services:						
Salaries	165,962	390,483	556,445	177,300	464,915	642,215
Benefits	93,354	105,890	199,244	59,100	124,558	183,658
Operating expenses	156,573	273,652	430,225	187,517	323,644	511,161
Total support services	415,889	770,025	1,185,914	423,917	913,117	1,337,034
Depreciation	432,944	-	432,944	485,095	-	485,095
Total operating expenses	\$ 3,953,128	\$ 770,025	\$ 4,723,153	\$ 3,677,362	\$ 913,117	\$ 4,590,479