

**KSRQ PIONEER 90.1 FM
AN ENTERPRISE FUND OF NORTHLAND COMMUNITY
& TECHNICAL COLLEGE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
KSRQ Pioneer 90.1 FM
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of KSRQ Pioneer 90.1 FM (KSRQ), an enterprise fund of Northland Community & Technical College, a campus of Minnesota State Colleges and Universities, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise KSRQ Pioneer 90.1 FM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KSRQ as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only KSRQ Pioneer 90.1 FM and do not purport to, and do not, present fairly the financial position of Northland Community & Technical College or Minnesota State Colleges and Universities as of June 30, 2022 and 2021, the changes in its financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KSRQ and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KSRQ's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KSRQ's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KSRQ's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios and Schedule of Proportionate Share of Net Pension Liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of KSRQ'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 solely 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 the effectiveness of KSRQ's 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 KSRQ's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 13, 2023



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
KSRQ Pioneer 90.1 FM
St. Paul, Minnesota

We have audited, in accordance with the 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, the financial statements of KSRQ Pioneer 90.1 FM (KSRQ), an enterprise fund of Northland Community & Technical College, a campus of Minnesota State Colleges and Universities, which comprise the statement of financial position as of June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise KSRQ's basic financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KSRQ's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KSRQ's internal control. Accordingly, we do not express an opinion on the effectiveness of KSRQ's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KSRQ's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 13, 2023

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of Pioneer 90.1 (KSRQ), an enterprise fund of Northland Community & Technical College, Thief River Falls and East Grand Forks, Minnesota (the college) at June 30, 2022, 2021 and 2020, and for the years then ended. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying footnotes, which follow this section.

KSRQ is an educational public radio station licensed to Northland Community and Technical College. The mission of KSRQ is to bring together the people of northwest Minnesota and northeast North Dakota through radio programs and live events that are otherwise unavailable in the rural areas the station serves. KSRQ works with volunteer hosts who bring a diversity of music, interests, and ideas to the airwaves. The station also offers a platform for non-profits and artists to share their stories in conversation. In the years since KSRQ has operated as a community radio station (after beginning as a training lab for broadcasting students in 1972), the station has worked to meet the needs of its listeners and expand its impact through digital platforms, community partnerships, and live events.

The station broadcasts with 24,000 watts of power providing a listening radius of approximately 70 miles. KSRQ is operated by a staff of three college employees, a contracted program host, a contract engineer, and 13 community volunteers. The station broadcasts and streams its programming online 365 days per year, 24 hours per day. KSRQ is the only radio station in northwest Minnesota to multicast using HD Digital Radio technology. Two additional HD stations have allowed KSRQ to expand popular programs to their own dedicated channels, reaching new audiences and generating additional revenue through listener contributions and underwriting. Pioneer PolkaCast (KSRQ-HD2) preserves historical recordings reflecting Minnesota's German, Czech, and Scandinavian traditions. KSRQ has received feedback and financial contributions from listeners in several states who are happy to reconnect with this music on their internet radios, computers, phones and other devices. KSRQ HD-2 is well-received over the air in our region by listeners who lack internet access. Several nursing homes have HD radios tuned to PolkaCast. Over 15,000 individuals listened to HD-2 programming in FY21 through a StreamGuys-hosted stream, while additional listeners connected on a college-hosted stream. Neon 90 (KSRQ HD-3) features pop, rock, and soul music of the 1950s, 60s, and 70s.

Pioneer 90.1's daytime music format consists of Americana and Triple-A music, much of which is performed by independent artists who do not receive airplay on commercial radio. The station often features music from artists based in Minnesota. Volunteer-hosted evening and weekend shows cover a wide array of music styles, including polka, classical, jazz, classic country, metal, and Minnesota singer-songwriters. Volunteer hosts chose what to play, and attract their own unique audiences. Approximately 95 hours a week of programming is locally hosted by staff and volunteers. The remainder of the broadcast schedule consists of un-hosted music (overnights) and national programs such as "Beat Latino" and "American Routes." While most of KSRQ's volunteers produce their programs live in-studio, several find it preferable to record shows at home and transfer the files to the studio via the internet for later broadcast. This has saved resources for hosts who would have otherwise needed to drive an hour each week to participate. It has also made it possible for hosts to contribute programs from their homes in Michigan and Wisconsin. The flexibility afforded by this technology has allowed KSRQ to grow its base of volunteers (and listeners) despite COVID-19 restrictions and challenging winter weather faced by everyone in northern Minnesota.

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

INTRODUCTION (CONTINUED)

Along with music programming, KSRQ partners with local and regional non-profit organizations to share the work they do in their communities. KSRQ regularly broadcasts interviews with artists and grantees from the Northwest Minnesota Regional Arts Council, staff and volunteers at the East Grand Forks Campbell Library, the North Dakota Museum of Art, and county fair organizers.

KSRQ collaborated with local organizations to create segments capturing local history and culture, including the Sons of Norway Snorre Lodge for its Nordic Fest week.

Pioneer 90.1 partnered with the Thief River Falls Area Community Theater to create a series of weekly radio shows called "Voices of the Theater." The program allowed the theater to continue performing after their stage productions were curtailed due to COVID-19. As part of the project, several middle and high school students were able to share music and monologues they had prepared for the recitals and speech meets that had been called off when schools went to online learning. Radio plays that were produced as part of the project included actors of all ages, and casts ranging in size from 3 to 20 performers. One of the plays featured high school students in a drama about teen dating violence.

The station also broadcast holiday music and student greetings for the Early Childhood Family Education Christmas light tour in December, making the night even more special.

KSRQ's Artist Spotlight series informed the community about art projects and events that have received funding from the Northwest Minnesota Arts Council. Many of the projects discussed were funded by the Minnesota Arts and Cultural Heritage Fund. In a series of personal conversations, artists and event organizers shared the inspiration for their projects, talked about the process of creating their work, and the impact their projects had on their communities. The artists interviewed discussed an array of projects, ranging from the "World's Largest Sugar Beet" in Halstad, to an 8-year-old's painting representing her feelings about Black Lives Matter, to a new interactive Veteran's memorial in Warren. Among the 41 segments, artists from 13 of northwest Minnesota's rural communities were represented.

Pioneer 90.1 is a member of the Association of Minnesota Public and Educational Radio Stations (AMPERS), comprised of 18 non-commercial radio stations in Minnesota. AMPERS provides stations with fundraising and statewide underwriting support, production and program sharing, technology updates and advocacy at the state and national levels.

FINANCIAL HIGHLIGHTS

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented during fiscal year 2015. Additionally, the college adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as of July 1, 2016. The adoption of GASB Statements No. 68 and No. 75 have a long-term material negative impact on college's financial position.

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

FINANCIAL HIGHLIGHTS (CONTINUED)

It is worth noting, that the impact on fiscal years 2022, 2021 and 2020 salaries and benefits expense due to GASB Statements No. 68 and No. 75 is a result of a more comprehensive approach to pension and other postemployment benefit expense, which reflects estimates of the amounts employees earned during the year, rather than actual contributions to the plans. The actuarially derived net pension liability, other postemployment benefit (OPEB) liability, deferred outflows, and deferred inflows of resources, can vary between years due to actuarial assumption changes, thus affecting financial statements comparability between years.

Excluding the GASB Statement No. 68 pension and GASB Statement No. 75 OPEB adjustments, fiscal year 2022 net position increased \$66,091 or 81.66%. With GASB Statements No. 68 and No. 75, net position increased \$59,990.

Assets and deferred outflows totaled \$371,783 and liabilities and deferred inflows totaled \$332,373. Net position, which represents the residual interest in KSRQ's assets and deferred outflows after liabilities and deferred inflows are deducted, is comprised of restricted expendable grants of \$32,550 and unrestricted net position of negative \$6,860.

USING THE FINANCIAL STATEMENTS

KSRQ's financial report includes three financial statements: the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows. These financial statements are prepared in accordance with applicable generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) through authoritative pronouncements.

STATEMENTS OF NET POSITION

The statements of net position present the financial position of KSRQ at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows. Net position – is one indicator of the current financial condition of KSRQ, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

A summary of KSRQ's statements of net position as of June 30, 2022, 2021 and 2020 follows:

	2022	2021	2020
Current Assets	\$ 215,627	\$ 304,618	\$ 208,582
Noncurrent Assets	101,095	80,732	-
Deferred Outflows of Resources	55,061	7,994	28,653
Total Assets and Deferred Outflows of Resources	<u>371,783</u>	<u>393,344</u>	<u>237,235</u>
Current Liabilities	173,400	301,745	208,179
Noncurrent Liabilities	52,797	71,254	68,226
Deferred Inflows of Resources	106,176	40,925	58,463
Total Liabilities and Deferred Inflows of Resources	<u>332,373</u>	<u>413,924</u>	<u>334,868</u>
Net Position	<u>\$ 39,410</u>	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

STATEMENTS OF NET POSITION (CONTINUED)

Total current assets decreased by \$88,991 due to an decrease in cash of \$118,693. Grants receivable increased \$29,702.

Current liabilities consist primarily of accrued compensation and unearned federal and state grant revenue, which represents amounts received in advance of providing services. Unearned revenue decreased \$128,740 in fiscal year 2022. Payables increased \$682 due to normal differences in the timing of payments made, this represents a decrease in accounts payable of \$709 and a increase in salaries payable of \$1,391 in fiscal year 2022. Current other compensation benefits, consisting of compensated absences and other post-employment benefits, decreased by \$287 for fiscal year 2022.

Noncurrent liabilities decreased by \$18,457 due to an decrease in noncurrent other compensation benefits of \$5,868 and a decrease in net pension liability of \$12,589. Deferred inflows of \$106,176 are the amounts in the calculation of pension expense determined by the actuary that will be required to be recognized over more than one year and is primarily due to GASB Statement No. 68.

Net position represents the residual interest in KSRQ's assets and deferred outflows after liabilities and deferred inflows are deducted. KSRQ's net position as of June 30, 2022, 2021, and 2020, respectively, are summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Restricted Expendable Grants	\$ 32,550	\$ 35,231	\$ 25,853
Unrestricted	6,860	(55,811)	(123,486)
Total Net Position	<u>\$ 39,410</u>	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>

Restricted expendable grants represents donor-imposed grants received by KSRQ as outlined in Note 1. Unrestricted net position is not subject to externally imposed stipulations. As shown in the table above, total net position has increased by \$59,990 from fiscal year 2021 to fiscal year 2022.

There is a significant impact to unrestricted net position due to GASB Statements No. 68 and No. 75, this difference is reflected in the table below. With the effect of GASB Statements No. 68 and No. 75, unrestricted net position increased by \$59,990 in fiscal year 2022. Without the effect of GASB Statements No. 68 and No. 75, unrestricted net position increased \$65,419, in fiscal year 2022.

<u>Unrestricted Net Position Balance at June 30</u>			
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Unrestricted Net Position Balance at June 30	\$ 6,860	\$ (55,811)	\$ (123,486)
Prior Year Effect of GASB Statements No. 68 and No. 75	61,049	59,025	45,845
Current Year Effect of GASB Statements No. 68 and No. 75	6,101	2,024	13,180
Balance at June 30, Without Effect of GASB No. 68 and No. 75	<u>\$ 74,010</u>	<u>\$ 5,238</u>	<u>\$ (64,461)</u>

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

CAPITAL ACTIVITIES

With office and studio facilities provided by the college, capital outlays by KSRQ are comprised primarily of investments in broadcasting equipment. Capital assets, net of accumulated depreciation, as of June 30, 2022, totaled \$101,095, an increase of \$20,363 from June 30, 2021. The increase consisting of the purchase of equipment of \$38,051, offset by depreciation of \$17,688 recognized during fiscal year 2022.

Since the college's capitalization threshold increased to \$10,000 on July 1, 2008, management acknowledges that most additions and upgrades will not exceed this threshold and as such will be recognized as operating expenses

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position represent KSRQ's results of operations for the year. When reviewing the full statement, users should note that GASB requires classification of federal and state grants, listener donations and contributions, and appropriations from the college as nonoperating revenue.

The college is one of the primary sources of revenue for KSRQ, providing 17% of total revenues in fiscal year 2022. The college provides state appropriations to fund a full-time station manager, full-time and part-time employee, and the utilities for the radio station facility. The college also provides in-kind contributions consisting of facilities and administration.

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

A summary table of the information contained in the statements of revenues, expenses, and changes in net position follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues:			
Underwriting	\$ 24,382	\$ 20,795	\$ 15,500
Total Operating Revenues	<u>24,382</u>	<u>20,795</u>	<u>15,500</u>
Nonoperating Revenues:			
Appropriation from College	12,423	106,245	56,043
Donated Facilities and Administrative from the College	73,122	67,908	61,090
Contributions - Listener Support	8,466	9,520	6,377
Grants from the Corporation for Public Broadcasting	259,002	226,047	105,126
Grants from the State of Minnesota	126,490	75,707	149,165
Other Revenue	206	-	-
Total Nonoperating and Other Revenues	<u>479,709</u>	<u>485,427</u>	<u>377,801</u>
 Total Revenues	 504,091	 506,222	 393,301
Operating Expenses:			
Salaries	152,184	150,928	165,663
Benefits	57,734	70,473	78,266
Other	186,689	130,942	116,303
In-Kind Expenses	47,494	76,826	61,090
Total Operating Expenses	<u>444,101</u>	<u>429,169</u>	<u>421,322</u>
Change in Net Position	59,990	77,053	(28,021)
Net Position - Beginning of Year	<u>(20,580)</u>	<u>(97,633)</u>	<u>(69,612)</u>
Net Position - End of Year	<u>\$ 39,410</u>	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>

Underwriting revenues are received as cash exchange transactions or as noncash/in-kind transactions. In-kind underwriting revenues include various types of contributions including concert tickets and certificates to be awarded to call-in contest winning listeners or individuals pledging membership sponsorship. KSRQ has also received other miscellaneous goods and services such as being listed as an event sponsor online, newspaper advertising, on promotional flyers and banners at concerts, and in programs in exchange for underwriting.

Overall underwriting revenues increased by \$3,587 during fiscal year 2022. Underwriting received from AMPERS selling to clients on behalf of KSRQ increased from \$20,795 in fiscal year 2021 to \$24,382 in fiscal year 2022 as the association found more success securing support from larger clients. In addition, revenues generated by KSRQ Marketing staff decreased by \$1,054 to \$8,466 in fiscal year 2022.

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

The Corporation for Public Broadcasting (CPB) awarded KSRQ a Community Service Grant of \$130,261 for fiscal year 2022. The CPB restricts approximately 22% of the funds, requiring that they be expended towards national program acquisition or distribution of station produced content. KSRQ has used these funds to invest in access Public Radio Exchange (PRX) and independently distributed programs for programming and specialized content such as American Roots, Sound Opinions, Beat Latino and other content available via the national marketplace.

KSRQ secured a cumulative Arts and Cultural Heritage Legacy grant of \$170,000 for fiscal years 2022 and 2023. These funds have been used to fund portions of two full-time positions, one part-time position, and one contractor. Additionally, the outcome of grant support from the Minnesota Arts and Cultural Heritage Fund has resulted in continued growth in community awareness and support at events programmed by KSRQ. Management has been building on these successful new events including concerts, radio theatre and preserving the cultural history through old time music on Pioneer PolkaCast KSRQ HD2.

Biennially, the Minnesota State Legislature appropriates funding for community service and equipment awards to public broadcasting entities. The state distributes the appropriated funding equally to eligible AMPERS member stations. KSRQ received a state operational and equipment grant of \$74,588 for fiscal year 2022 and 2023. These funds are used by KSRQ to pay for equipment, tower rental, part of one full-time position, and some engineering.

GASB Statements No. 68 and No. 75 also have a significant impact on KSRQ's net position. Without the effect of GASB Statements No. 68 and No. 75, KSRQ's the increase in overall financial position was \$65,663 in fiscal year 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Increase (Decrease) in Net Position Including GASB 68 and GASB 75	\$ 59,990	\$ 77,053	\$ (28,021)
Impact on Compensation Expense:			
Pension	5,848	2,198	13,553
Other Postemployment Benefits	253	(174)	(373)
Total GASB 68/75 Impact	<u>6,101</u>	<u>2,024</u>	<u>13,180</u>
Increase (Decrease) in Net Position Excluding GASB 68 and 75	<u>\$ 66,091</u>	<u>\$ 79,077</u>	<u>\$ (14,841)</u>

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

To meet the challenges of the future, KSRQ continues to consider many influences outside its control. The health of the national, state, and local economy, for example, can have a significant impact on funding available for public radio from a range of sources including the Corporation for Public Broadcasting, state grants, private donors and college support.

KSRQ has received another CPB Community Service Grant for fiscal year 2023. The station remains in good standing to receive funding in future grant cycles.

The Minnesota Department of Administration awards KSRQ Minnesota Arts and Cultural Heritage Legacy funds for production of arts and cultural content. A two-year grant was awarded for \$170,000, with \$120,000 budgeted for fiscal year 2022 and \$50,000 for fiscal year 2023. For FY23, the Ampers stations requested a budget plan from the Department of Administration for a smaller portion of the grant funds. If FY22 funds are unspent, the Department of Administration will add the remaining funds to KSRQ's two-year contract. The Arts and Cultural Heritage funding has been approved by Minnesota's voters to extend until 2034. Though KSRQ is not guaranteed a portion of those funds, the station has received funding since 2009 and remains in good standing for further grant cycles.

The Minnesota State Legislature appropriated funding for community service and equipment grants for the fiscal year 2022-2023 biennium. A state community service grant of \$28,941 and an equipment grant of \$8,353 have each been allocated to KSRQ for fiscal year 2022 with the same funding allocated for fiscal year 2023. The Minnesota Legislature has appropriated funding to qualifying public radio stations for the past several decades and KSRQ remains in good standing to receive funding in future grant cycles.

KSRQ has built a base of listener-contributors who have supported successful fundraising campaigns for over a decade. A spring member drive is planned for April 2022. This will include on-air messaging on KSRQ, HD-2 and HD-3, a direct mail appeal, and an online campaign on the Northland Foundation's new online platform. Despite uncertainty created by the COVID-19 pandemic, KSRQ met its fundraising goals in FY21. FY22's fundraising efforts will be based upon the station's 50th anniversary, which we hope will draw increased interest and new support from former students of Northland's Broadcasting program, who will be invited to campus for a reunion in the summer.

In 2022, KSRQ plans to continue working with its community partners to create on-air programming and live events that will generate revenue for the station. The station has set aside Legacy funds to again partner with the Thief River Falls Chamber of Commerce to present RiverFest, which has become the city's largest summertime event. Legacy funds will also be used for a concert series that we hope will generate revenue in the form of freewill donations and the sale of food and beverages at an off-campus venue.

KSRQ has identified 150 local businesses who have supported the station through underwriting for short timeframes over the past several years. Station management will work to expand underwriting campaigns with those business partners, which should increase KSRQ's underwriting revenue in FY22 and beyond.

**KSRQ PIONEER 90.1 FM
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022 AND 2021**

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE (CONTINUED)

KSRQ has implemented a mix of traditional and non-traditional revenue streams. As a result, we believe the station's foundation of locally tailored programming and a growing base of listener-supporters and business underwriters will help sustain and grow the station well into the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of KSRQ's finances for all those with an interest in the station's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Station Manager, Pioneer 90.1, Northland Community & Technical College, 1101 Hwy 1 East, Thief River Falls, MN 56701.

**KSRQ PIONEER 90.1 FM
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021**

	ASSETS	2022	2021
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 164,340	\$ 283,033
Grants Receivable		51,287	21,585
Total Current Assets		215,627	304,618
Capital Assets, Net		101,095	80,732
Total Assets		316,722	385,350
DEFERRED OUTFLOWS OF RESOURCES			
Total Assets and Deferred Outflows of Resources		55,061	7,994
		371,783	393,344
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable		10,323	11,032
Salaries Payable		3,771	2,380
Other Compensation Benefits		5,013	5,300
Unearned Grant Revenue		154,293	283,033
Total Current Liabilities		173,400	301,745
NONCURRENT LIABILITIES			
Other Compensation Benefits		50,378	56,246
Net Pension Liability		2,419	15,008
Total Noncurrent Liabilities		52,797	71,254
Total Liabilities		226,197	372,999
DEFERRED INFLOW OF RESOURCES			
Total Liabilities and Deferred Inflows of Resources		106,176	40,925
		332,373	413,924
NET POSITION			
Unrestricted		6,860	(55,811)
Restricted - Expendable		32,550	35,231
Total Net Position		\$ 39,410	\$ (20,580)

See accompanying Notes to Financial Statements.

KSRQ PIONEER 90.1 FM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Underwriting	\$ 24,382	\$ 20,795
OPERATING EXPENSES		
Program Services:		
Programming and Production	269,186	204,390
Broadcasting and Engineering	77,282	106,828
Program Information and Promotion	2,815	616
Total Program Services	349,283	311,834
Support Services:		
Fundraising and Membership Development	198	3,163
Underwriting and Grant Solicitation	30,787	31,151
Management and General	63,833	83,021
Total Support Services	94,818	117,335
Total Operating Expenses	444,101	429,169
OPERATING LOSS	(419,719)	(408,374)
NONOPERATING REVENUES		
Appropriation from Northland Community and Technical College	12,423	106,245
Donated Facilities and Administrative from the College	73,122	67,908
Other Revenue	206	-
Contributions - Listener Support	8,466	9,520
Grants from the Corporation for Public Broadcasting	259,002	226,047
Grants from the State of Minnesota	126,490	75,707
Total Nonoperating Revenues	479,709	485,427
CHANGE IN NET POSITION	59,990	77,053
Net Position - Beginning of Year	(20,580)	(97,633)
NET POSITION - END OF YEAR	\$ 39,410	\$ (20,580)

See accompanying Notes to Financial Statements.

**KSRQ PIONEER 90.1 FM
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received for Underwriting	\$ 24,382	\$ 20,795
Cash Payments for Employees	(210,478)	(215,244)
Cash Paid to Suppliers for Goods or Services	(142,691)	(142,295)
Net Cash Flows Used by Operating Activities	(328,787)	(336,744)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
General Appropriation from Northland Community and Technical College	12,423	106,245
Contributions Received - Listener Support	8,466	9,520
Grants from the Corporation for Public Broadcasting	130,262	323,408
Grants from the State of Minnesota	96,788	77,032
Other Revenue	206	-
Net Cash Flows Provided by Noncapital and Related Financing Activities	248,145	516,205
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Investment in Capital Assets	(38,051)	(82,100)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(118,693)	97,361
Cash and Cash Equivalents - Beginning of Year	283,033	185,672
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 164,340	\$ 283,033
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (419,719)	\$ (408,374)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:		
Depreciation	17,688	1,368
Donated Facilities and Administrative Expense	73,122	67,908
Deferred Outflows of Resources	(47,067)	20,659
Deferred Inflows of Resources	65,251	(17,538)
Change in Assets and Liabilities:		
Accounts Payable	(709)	(2,883)
Salaries Payable	1,391	(920)
Other Compensation Benefits	(6,155)	3,959
Net Pension Liability	(12,589)	(923)
Net Reconciling Items to be Added to Operating Loss	90,932	71,630
Net Cash Flow Used by Operating Activities	\$ (328,787)	\$ (336,744)
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Donated facilities and administrative revenue	\$ 73,122	\$ 67,908

See accompanying Notes to Financial Statements.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES

Financial Reporting Entity

KSRQ RADIO 90.1 FM (KSRQ) is an enterprise fund of Northland Community & Technical College (the college) and is located at the Northland Community & Technical College campus in Thief River Falls, Minnesota. KSRQ operates under control of the college through the Office of College Marketing and Communications and utilizes assets, the title to which is vested in the college. The assets, deferred outflows, liabilities, deferred inflows, revenues, expenses, and changes in net position of KSRQ are included in the consolidated financial statements of the college and have been identified and segregated from the books of the college for these financial statements. KSRQ reports annually to the Corporation for Public Broadcasting.

Minnesota State is an agency of the state of Minnesota and receives appropriations from the state legislature. The college receives a portion of Minnesota State's state appropriation. Economic support for KSRQ from the college is committed on a year-to-year basis for salaries and operating expenses not provided through other sources. General appropriation support has been approved through June 30, 2022.

Basis of Presentation

The reporting policies of KSRQ conform to generally accepted accounting principles (GAAP) in the United States, as prescribed by the Governmental Accounting Standards Board (GASB). The statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows include financial activities of KSRQ and do not extend to the college as a whole or any other college organization or department.

Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accompanying financial statements have been prepared as a special purpose government entity engaged in business type activities. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred. Eliminations have been made to minimize the double-counting of internal activities.

Tax Status

As part of the college, KSRQ is exempt from income taxes under Section 115 of the Internal Revenue code although certain activities may be subject to federal unrelated business income tax.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

New Accounting Standards

In June 2017 the GASB issued Statement No. 87, *Leases*, which establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. KSRQ has implemented GASB Statement No. 87 in fiscal year 2022.

In May 2019 the GASB issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers. It also eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB No. 91 is effective for years beginning after December 15, 2021. The effect GASB Statement No. 91 will have on the fiscal year 2023 financial statements has not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. GASB Statement No. 93 is effective for the year beginning after June 15, 2021. KSRQ has implemented GASB No. 93 in fiscal year 2022.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. The statement also provides guidance for accounting and financial reporting for availability payment arrangements. GASB Statement No. 94 is effective for the year beginning after June 15, 2022. The effect GASB Statement No. 94 will have on the fiscal year 2023 financial statements has not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The statement defines subscription-based technology arrangements, established that they are a right to use asset with a corresponding liability, provides capitalization for criteria other for outlays other than subscription payments including implementation costs, and requires footnote disclosure regarding the arrangements. GASB Statement No. 96 is effective for fiscal years beginning after June 15, 2022. The effect GASB Statement No. 96 will have on the fiscal year 2023 financial statements has not yet been determined.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In June 2020, the GASB issued Statement no. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statement, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is effective for fiscal years beginning after June 15, 2021. KSRQ has implemented GASB No. 97 in fiscal year 2022.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences using a unified model and amending certain previously required disclosures. GASB Statement No. 101 is effective for years beginning after December 15, 2023. The effect of GASB statement No. 101 will have on the fiscal year 2025 financial statements has not yet been determined.

Cash and Cash Equivalents

The cash balance represents cash in the state treasury and cash equivalents. Cash equivalents are short-term, highly liquid investments having original maturities (remaining time to maturity at acquisition) of three months or less. Cash and cash equivalents may include amounts in demand deposits, savings accounts, cash management pools, repurchase agreements, and money market funds.

Receivables

Receivables are shown net of an allowance for uncollectible amounts.

Capital Assets

Capital assets are recorded at cost or, for donated assets, at acquisition value. Such assets are depreciated or amortized on a straight-line basis over the useful life of the assets. The estimated useful life of KSRQ equipment ranges from 5 to 10 years.

Equipment includes all items with an original cost of \$10,000 and over.

KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

Long-Term Liabilities

Long-term liabilities include compensated absences, other postemployment benefits and net pension liability.

Compensated Absences

Accumulated unpaid vacation and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

Revenue Classifications

KSRQ has classified revenues as operating and nonoperating based upon the following criteria:

Operating Revenues

Operating revenues as reported in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. KSRQ considers underwriting and other revenue to be exchange transactions.

Nonoperating Revenues

Nonoperating revenues represent nonexchange activities. The primary sources of nonoperating revenues are appropriations from Northland Community & Technical College, contributions, Corporation for Public Broadcasting (CPB) grants and other nonexchange grants and contracts. Although KSRQ relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services delivered under the grant or gift terms.

Unearned Revenue

Unearned revenue consists primarily of amounts received from grants that have not yet been earned.

In-Kind Contributions

Donated goods and in-kind trade activity are recorded as revenues and expenses at fair market value at the date of donation or activity. Donated space and administrative services of \$73,122 are included in revenues and expenses in the statement of revenues, expenses and changes in net position for the years ended June 30, 2022.

Donated facilities from the college consist of office and studio space, together with related occupancy costs and are recorded as revenues and expenses at estimated fair rental values. Administrative support from the college consists of allocated finance, human resources, technology, student development, and certain other expenses incurred by the college on behalf of KSRQ.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

Use of Estimates

To prepare the basic financial statements in conformity with generally accepted accounting principles management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of estimates made by management.

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent the consumption of net position by KSRQ in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows and inflows are related to defined benefit pension plans and other postemployment benefits.

The following tables summarize KSRQ deferred outflows and inflows:

	Deferred Outflows of Resources	
	2022	2021
Related to Pensions:		
Differences Between Projected and Actual Investment Earnings	\$ -	\$ 716
Changes in Actuarial Assumptions	44,507	-
Contributions Paid to Plans Subsequent to the Measurement Date	6,147	1,956
Differences Between Expected and Actual Economic Experience	599	269
Changes in Proportion	681	1,247
Total Related to Pensions	<u>51,934</u>	<u>4,188</u>
Related to OPEB:		
Changes in Actuarial Assumptions	2,245	2,886
Contributions Paid to Plans Subsequent to the Measurement Date	882	920
Total Related to OPEB	<u>3,127</u>	<u>3,806</u>
Total	<u>\$ 55,061</u>	<u>\$ 7,994</u>

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

	Deferred Inflows of Resources	
	2022	2021
Related to Pensions:		
Differences Between Projected and Actual		
Investment Earnings	\$ 66,893	\$ -
Changes in Actuarial Assumptions	33,323	33,881
Differences Between Expected and		
Actual Economic Experience	279	154
Changes in Proportion	2,497	2,804
Total Related to Pensions	102,992	36,839
Related to OPEB:		
Changes in Actuarial Assumptions	369	513
Differences Between Expected and Actual Experience	2,815	3,573
Total Related to OPEB	3,184	4,086
Total	\$ 106,176	\$ 40,925

Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The plan is not funded. KSRQ recognized an increase in benefit expense of \$269 and decrease of benefit expense of \$419 in fiscal years 2022 and 2021, respectively, related to OPEB. This change is comprised of OPEB expense of \$1,151 and \$1,339 net of reduction to expense for yearly contributions of \$882 and \$920 for fiscal years 2022 and 2021, respectively.

Defined Benefit Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of the employer payroll paid dates and 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. The actuarially derived net pension liability, deferred outflows, and deferred inflows of resources can vary between years due to actuarial assumption changes, which can result in significant variability between years.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)

Net Position

The difference between assets and deferred outflows and liabilities and deferred inflows is net position. Net position is further classified for accounting and reporting purposes into the following two net position categories:

- *Restricted expendable*: Net position subject to externally imposed stipulations.
- *Unrestricted*: Net position that is not subject to externally imposed stipulations. Although unrestricted net position is not subject to externally imposed stipulations, KSRQ's unrestricted net position has been designated by management for various programs and initiatives, as well as capital projects.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

All balances related to KSRQ are held by the college in the state treasury, this includes the state appropriation, all state or federal grants funds received by KSRQ.

Minnesota Statute, Section 118A.03, requires that college held deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be at least 10% greater than the amount on deposit.

The college's balance in the state treasury is invested by the Minnesota State Board of Investment (SBI) as part of the state investment pool. All investments managed by SBI are governed by Minnesota Statutes, Chapters 11A and 356A. Interest income earned on pooled investments is retained by the Minnesota State system office and allocated to the colleges and universities as part of the appropriation allocation process.

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, KSRQ will not be able to recover the value of the investments that are in the possession of an outside party. Board procedure 7.5.1 requires college compliance with Minnesota Statutes, Section 118A.03 and further excludes the use of FDIC insurance when meeting collateral requirements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The college's policy for reducing its exposure to credit risk is to comply with Minnesota Statutes, Section 118A.03. The statute limits investments to the top-quality rating categories of a nationally recognized rating agency. At June 30, 2022, the college's debt securities were rated equivalent to Standard and Poor's AA or higher.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The college's policy for reducing this risk of loss is to comply with board procedure 7.5.1 which recommends investments be diversified by type and issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The college complies with board procedure 7.5.1 that recommends considering fluctuation interest rates and cash flow needs when purchasing short-term and long-term investments.

NOTE 3 GRANTS RECEIVABLE

The grants receivable balance is made up primarily of grants receivable for those on a reimbursement basis. As such, an allowance for uncollectible receivables is considered to be negligible.

NOTE 4 CAPITAL ASSETS

Summaries of changes in capital assets for fiscal years 2022 and 2021 follow:

Year Ended June 30, 2022				
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciated:				
Equipment	\$ 82,100	\$ 38,051	\$ -	\$ 120,151
Less Accumulated Depreciation:				
Equipment	1,368	17,688	-	19,056
Total Capital Assets, Net	\$ 80,732	\$ 20,363	\$ -	\$ 101,095

Year Ended June 30, 2021				
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciated:				
Equipment	\$ -	\$ 82,100	\$ -	\$ 82,100
Less Accumulated Depreciation:				
Equipment	-	1,368	-	1,368
Total Capital Assets, Net	\$ -	\$ 80,732	\$ -	\$ 80,732

KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 ACCOUNTS PAYABLE

Accounts payable represent amounts due for goods and services received prior to the end of the fiscal year of \$10,223 and \$100 payable to the College at June 30, 2022. At June 30, 2021, accounts payable represent amounts due for goods and services of \$4,935 and \$6,097 payable to the College

NOTE 6 OTHER COMPENSATION BENEFITS

Summaries of amounts due within one year are reported in the current liability section of the statements of net position.

The changes in other compensation benefits for fiscal year 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Compensated Absences	\$ 48,183	\$ -	\$ 6,408	\$ 41,775	\$ 5,013
Other Postemployment Benefits	13,363	1,329	1,076	13,616	-
Total Other Compensation Benefits	<u>\$ 61,546</u>	<u>\$ 1,329</u>	<u>\$ 7,484</u>	<u>\$ 55,391</u>	<u>\$ 5,013</u>

The changes in other compensation benefits for fiscal year 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Compensated Absences	\$ 44,050	\$ 9,425	\$ 5,292	\$ 48,183	\$ 5,300
Other Postemployment Benefits	13,537	-	174	13,363	-
Total Other Compensation Benefits	<u>\$ 57,587</u>	<u>\$ 9,425</u>	<u>\$ 5,466</u>	<u>\$ 61,546</u>	<u>\$ 5,300</u>

Compensated Absences

College employees accrue vacation leave, sick leave, and compensatory leave at various rates within limits specified in the collective bargaining agreements. The liability for compensated absences is payable as severance pay under specific conditions. This leave is liquidated only at the time of termination from state employment.

Other Postemployment Benefit

Other postemployment benefits are health insurance benefits for certain retired employees under a single employer fully insured plan. Under the health benefits program retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. KSRQ liability has been estimated by calculating a percentage of KSRQ employees vs. college employees as a pro-rata share of the total college other postemployment benefits liability. Note 7 to the financial statements provides additional information.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 OTHER COMPENSATION BENEFITS (CONTINUED)

Net Pension Liability

The net pension liability of \$2,419 and \$15,008 at June 30, 2022 and 2021, respectively, is the proportionate share of the unfunded pension liability of the defined benefit pension plans as required by GASB Statement No. 68. Note 8 to the financial statements provides additional information.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

KSRQ provides health insurance benefits for certain retired employees under the "Minnesota State Colleges and Universities Postretirement Medical Plan", a single employer fully insured plan, as required by Minnesota Statutes, 471.61, Subdivision 2B. Active employees who retire when eligible to receive a retirement benefit from a Minnesota public pension plan and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the plan. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the July 1, 2020 actuarial valuation, the following current and former employees were covered by benefit terms under the plan:

Active Employees	3
Inactive Employees or Beneficiaries Currently Receiving Benefits	-
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Total	3

Actuarial Methods and Assumptions

The total OPEB liability for Minnesota State at June 30, 2022 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to determine the June 30, 2022 total OPEB liability. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2020. The total OPEB liability was measured based on the following actuarial assumptions:

Measurement Date	June 30, 2021	June 30, 2020
Payroll Growth	3.0%	3.0%
Inflation	2.25% per year	2.25% per year
Initial Medical Trend Rate	7.2%	7.5%
Ultimate Medical Trend Rate	3.8%	3.8%
Year Ultimate Trend Rate Reached	2071	2071

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 was 2.16% and 2.21%, respectively. The discount rate was based on a municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of June 2021 and 2020. The plan is not funded by assets in a separate trust. Therefore, the municipal bond rate was applied to all period of projected benefit payments to determine the total OPEB liability.

Changes in Total OPEB Liability

The changes in total OPEB liability are as follows:

	<u>2022</u>	<u>2021</u>
Balance - Beginning of the Year	\$ 13,363	\$ 13,537
Changes for the Year		
Service Cost	1,028	1,036
Interest	302	489
Changes in Assumptions	(507)	2,468
Differences Between Expected and Actual Economic Experience	-	(3,201)
Benefit Payments	(570)	(966)
Net Changes	<u>253</u>	<u>(174)</u>
Balance - End of Year	<u>\$ 13,616</u>	<u>\$ 13,363</u>

There have been no changes in benefit terms since the previous valuation.

Changes were made in assumptions that affect the total OPEB liability since the prior valuation. The discount rate was changed from 2.21% to 2.16%. Mortality assumptions, salary increase assumptions, and medical trend rates were updated. The initial medical trend rate decreased by 0.3%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents KSRQ total OPEB liability calculated using the discount rate above, as well as the total OPEB liability if it were calculated using a discount rate that is one percentage lower or one percentage higher than the current discount rate:

	<u>2022</u>		<u>2021</u>	
	Percent	Amount	Percent	Amount
1 Percent Lower	1.16	\$ 14,231	1.21	\$ 13,991
Current Discount Rate	2.16	13,616	2.21	13,363
1 Percent Higher	3.16	12,980	3.21	12,711

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents KSRQ total OPEB liability, calculated using the healthcare cost trend rates, that is one percentage lower (6.2% decreasing to 2.8% and 6.5% decreasing to 2.8%) or one percentage higher (8.2% decreasing to 4.8% and 8.5% decreasing to 4.8%) than the current healthcare cost trend rate (7.2% decreasing to 3.8% and 7.5% decreasing to 3.8%):

	<u>2022</u>	<u>2021</u>
	Amount	Amount
1 Percent Lower	\$ 12,253	\$ 12,117
Current Trend Rate	13,616	13,363
1 Percent Higher	15,202	14,806

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the years ended June 30, 2022 and 2021, KSRQ recognized a increase in benefit expense of \$1,151 and a decrease in benefit expense of \$174, respectively, related to OPEB.

At June 30, 2022 and 2021, KSRQ reported deferred outflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Changes in Actuarial Assumptions	\$ 2,245	\$ 2,886
Contributions Made Subsequent to the Measurement Date	882	920
Total	<u>\$ 3,127</u>	<u>\$ 3,806</u>

At June 30, 2022 and 2021, KSRQ reported deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Changes in Actuarial Assumptions	\$ 369	\$ 513
Differences Between Expected and Actual Experience	2,815	3,573
Total	<u>\$ 3,184</u>	<u>\$ 4,086</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from KSRQ contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the total OPEB liability in the following fiscal year. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ (179)
2024	(246)
2025	(201)
2026	(223)
2027	(90)
Total	<u>\$ (939)</u>

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS

KSRQ participates in both mandatory and voluntary retirement plans. Mandatory plans include the State Employees Retirement Fund, administered by the Minnesota State Retirement System. Normal retirement age for employees covered by these defined benefit plans ranges from age 62 to age 66 depending upon employment date and years of service. Additionally, KSRQ participates in a Defined Contribution Retirement Plan which is available to faculty, system administrators and other unclassified employees.

State Employees Retirement Fund (SERF)

Plan Description

The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS) and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans. All state of Minnesota employees who are not members of another plan are covered by the General Plan.

Benefits Provided

MSRS provides retirement, disability, and death benefits through the State Employees Retirement Fund. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any 60 successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January. Annuitants receive benefit increases of 1.00% through 2023, and 1.50% thereafter.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2% of the high-five average salary for each of the first 10 years of covered service, plus 1.7% for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7% of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members are participating employers were required to contribute 6.0% of their annual covered salary in fiscal year 2022 and 2021. Participating employers were required to contribute 6.25% of employee annual covered salary in fiscal years 2022 and 2021. KSRQ's contributions to the General Plan for the fiscal year ending June 30, 2022 and 2021 was \$5,494 and \$5,645, respectively. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions

KSRQ's net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2021	June 30, 2020
Inflation	2.25% Per Year	2.25% per year
Active Member Payroll Growth	3.0% Per Year	3.0% per year
Investment Rate of Return	6.5%	7.5%

Salary increases for the June 30, 2021 and 2020 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Prior year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors, and disabilitants were based on PUB-2010 mortality tables adjusted for mortality improvements using projections scale MP-2018. Benefit increases for retirees were assumed to be 1.0% through December 31, 2023, and 1.5% thereafter.

Actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the last experience study dated June 27, 2019 and a review of inflation and investment return assumptions, dated June 24, 2021. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and a documented in a report dated October 2016.

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 6.5%. The expected rate of return was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce geometric, long-term expected rate of return for the portfolio.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

For each major asset class that is included in the pension fund target asset allocation as of the June 30, 2021 measurement date, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate of Return (Geometric Mean) Percentage</u>
Domestic Equity	34 %	5.10
International Equity	16	5.30
Private Markets	25	5.90
Fixed Income	25	0.75
Total	100 %	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 and 2020, was 6.5% and 7.5%, respectively.

As of June 30, 2021 and 2020, the projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan fiduciary net position was available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return of 6.5% on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Net Pension Liability

At June 30, 2022 and 2021, respectively, KSRQ reported a liability of \$2,419 and \$15,008 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. KSRQ's proportion of the net pension liability was based on the employer contributions received by MSRS during the measurement periods July 1, 2020 through June 30, 2021 and July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2022 and 2021, KSRQ's proportion was 0.0004%.

There have been no changes in plan provisions since the prior measurement date.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)

Net Pension Liability (Continued)

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. The long-term investment rate of return and the single discount rates were decreased from 7.5% to 6.5%.

Pension Liability Sensitivity

The following presents KSRQ's proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that one percentage point lower or one percentage point higher than the current discount rate:

	<u>2022</u>		<u>2021</u>	
	Percent	Amount	Percent	Amount
1 Percent Lower	5.50	\$ 69,758	6.50	\$ 35,624
Current Discount Rate	6.50	2,419	7.50	15,008
1 Percent Higher	7.50	(53,215)	8.50	(2,150)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website at <http://www.msrs.state.mn.us/annual-reports>.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2022 and 2021, KSRQ recognized a decrease in benefit expense of \$64,767 and an increase in benefit expense of \$3,007, respectively related to pensions.

At June 30, 2022 and 2021, KSRQ reported deferred outflows of resources related to pensions from the following sources:

	<u>2022</u>	<u>2021</u>
Differences Between Projected and Actual		
Investment Earnings	\$ -	\$ 716
Changes in Actuarial Assumptions	44,507	-
Contributions Paid to MSRS Subsequent to the Measurement Date	6,147	1,956
Differences Between Expected and Actual Economic Experience	599	269
Changes in Proportion	681	1,247
Total	<u>\$ 51,934</u>	<u>\$ 4,188</u>

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2022 and 2021, KSRQ reported deferred inflows of resources related to pensions from the following sources:

	<u>2022</u>	<u>2021</u>
Differences Between Projected and Actual		
Investment Earnings	\$ 66,893	\$ -
Changes in Actuarial Assumptions	33,323	33,881
Differences Between Expected and		
Actual Economic Experience	279	154
Changes in Proportion	2,497	2,804
Total	<u>\$ 102,992</u>	<u>\$ 36,839</u>

Amounts reported as deferred outflows of resources related to pensions resulting from KSRQ's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ (35,469)
2024	(7,445)
2025	(7,405)
2026	(6,886)
Total	<u>\$ (57,205)</u>

Individual Retirement Account Plan (IRAP)

Participation

Every employee who is in unclassified service is required to participate in TRF or IRAP upon achieving eligibility. An unclassified employee is one who serves in a position deemed unclassified according to Minnesota Statutes. This includes presidents, vice presidents, deans, administrative or service faculty, teachers and other managers, and professionals in academic and academic support programs. Eligibility begins with the employment contract for the first year of unclassified service in which the employee is hired for more than 25% of a full academic year, excluding summer session. An employee remains a participant of the plan even if employed for less than 25% of a full academic year in subsequent years.

**KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)

Contributions

There are two member groups participating in the IRAP, a faculty group and an administrators group. For those participants eligible before July 1, 2018, the employer and employee statutory contribution rates for both faculty and administrators as of June 30, 2022 and 2021, are 6% and 6.45% and 6.0% and 5.8%, respectively. For those participants eligible after July 1, 2018, the employer and employee statutory contribution rates for both faculty and administrators as of June 30, 2022 and 2021, are 8.34% and 7.5% and 8.13% and 7.5%, respectively. The contributions are made under the authority of Minnesota Statutes, Chapter 354B.

Required contributions for KSRQ were:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2022	\$ 3,773	\$ 3,773
2021	3,697	2,772
2020	3,621	2,716

Supplemental Retirement Plan (SRP)

Participation

Every unclassified employee who has completed two full time years of unclassified service with Minnesota State Colleges and Universities must participate upon achieving eligibility. The eligible employee is enrolled on the first day of the fiscal year following completion of two full time years. Vesting occurs immediately and normal retirement age is 55.

Contributions

Participants contribute 5% of the eligible compensation up to a defined maximum annual contribution as specified in the following table.

<u>Member Group</u>	<u>Eligible Compensation</u>	<u>Maximum Annual Contributions</u>
Minnesota Association of Professional Employees Unclassified	\$6,000 to \$40,000	\$ 1,700

KSRQ matches amounts equal to the contributions made by participants. The contributions are made under the authority of Minnesota Statutes, Chapter 354C.

Required contributions for KSRQ were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 1,700
2021	1,700
2020	1,700

KSRQ PIONEER 90.1 FM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 RISK MANAGEMENT

The college, and KSRQ, is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; error or omissions; and employer obligations. Property and casualty coverage is required by Minnesota State policy, the college manages these risks through state of Minnesota insurance plans including the state of Minnesota Risk Management Fund and through purchased insurance coverage. Automobile liability coverage is required by the state and is also provided by the Minnesota Risk Management Fund. The college participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations.

Minnesota State self-insures for workers' compensation, assessing premiums to institutions based on salary dollars and claims history to provide a pool from which all workers' compensation claims are paid to the state Workers' Compensation Fund. In addition, catastrophic claims are covered through state participation in the Workers' Compensation Reinsurance Association. The state of Minnesota Department of Employee Relations manages the self-insured workers' compensation claims activities. The reported liability for workers' compensation is based on claims filed for injuries to state employees occurring prior to the fiscal year-end and is an undiscounted estimate of future payments.

KSRQ PIONEER 90.1 FM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance - Beginning of Year	\$ 13,363	\$ 13,537	\$ 13,910
Changes for the Year:			
Service Cost	1,028	1,036	1,083
Interest	302	489	559
Changes in Assumptions	(507)	2,468	(71)
Difference Between Expected and Actual Experience	-	(3,201)	(1,106)
Benefit Payments	<u>(570)</u>	<u>(966)</u>	<u>(838)</u>
Balance - End of Year	<u><u>13,616</u></u>	<u><u>13,363</u></u>	<u><u>13,537</u></u>
Covered-Employee Payroll	\$ 185,600	\$ 185,600	\$ 182,236
Total OPEB Liability as a Percentage of Covered-Employee Payroll	20%	20%	20%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

KSRQ PIONEER 90.1 FM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

There have been no changes in benefit terms since the previous valuation.

Changes were made in assumptions that affect the total OPEB liability since the prior valuation. They are summarized as follows:

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.21% to 2.16%.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend decreased by 0.3%.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.5% to 2.21%.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend increased by 0.9%.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.87% to 3.5%.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The inflation rate and payroll growth rate decreased 0.25%.

KSRQ PIONEER 90.1 FM
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY CONTRIBUTIONS
STATE EMPLOYEES RETIREMENT FUND
JUNE 30, 2022

Schedule of Proportionate Share of MSRS Net Pension Liability

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Employee Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2019	0.0001	15,931	107,813	0.15	90.73
June 30, 2020	0.0020	15,008	102,016	0.15	91.25
June 30, 2021	0.0004	2,419	87,904	0.03	99.53

Schedule of Employer Contributions

Fiscal Year Ended	Statutorily Required Contributions	Contributions Recognized By MSRS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2019	6,334	6,334	-	107,813	5.88
June 30, 2020	6,376	6,376	-	102,016	6.25
June 30, 2021	5,645	5,645	-	90,320	6.25
June 30, 2022	5,494	5,494	-	87,904	6.25

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

KSRQ PIONEER 90.1 FM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATE EMPLOYEES RETIREMENT FUND
JUNE 30, 2022

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.5% to 6.5%.
- The mortality improvement scale was changed from Scale MP-2019 to MP-2020.

2021 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption as decreased from 3.25% to 3.0%.
- Assumed salary increases, rates of retirement, rates of termination and rates of disability were changed as recommended in the June 30, 2019 experience study.
- The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.



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