Montana PBS

A Public Television Entity
Operated by the Montana University System

Financial Statements and Supplementary Information

Years Ended June 30, 2023 and 2022

Montana PBS

WIPFLI

WIPFLI

Independent Auditor's Report

Management
Montana PBS A Public Television Entity Operated by Montana University System
Bozeman, Montana

Opinion

We have audited the accompanying financial statements of Montana PBS A Public Television Entity Operated by Montana University System (the "Station"), and its discretely presented component unit, Friends of Montana PBC, Inc., a nonprofit organization, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Montana PBS A Public Television Entity Operated by Montana University System, and its discretely present component unit, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montana PBS A Public Television Entity Operated by Montana University System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Montana PBS A Public Television Entity Operated by Montana University System's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. 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 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, 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 Montana PBS A Public Television Entity Operated by Montana University System'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 Montana PBS A Public Television Entity Operated by Montana University System'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.

Supplementary Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, schedules of proportionate share of the net pension liability, schedules of contributions, and schedule of proportionate share of the total OPEB liability, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 73-81, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

Missoula, Montana
March 15, 2024

INTRODUCTION

Management's discussion and analysis (MD&A) introduces the basic financial statements and provides an overview of Montana PBS's (referred to also as the "Station's") financial position and activities for the fiscal years ended June 30, 2023 and 2022. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38. Because the stations are component units of the Montana University System (a State agency), they are required to report under these GASB guidelines.

The MD&A emphasizes the current year and identifies any economic or financial factors which could have a significant impact on future operations. This discourse has been prepared by management and should be read in conjunction with the financial statements and footnotes following this section.

Montana PBS is a partnership of two non-commercial television stations licensed to the Montana University System which include KUSM-TV Bozeman, (operated by Montana State University), and KUFM-TV Missoula (operated by the University of Montana). The Station provides public television services through the acquisition, production and delivery of high-quality television to residents of Montana. A related fundraising entity, Friends of Montana PBS, Inc. ("Friends"), is a not-for-profit Montana corporation that provides financial support, promotes positive community relations and provides certain administrative services to Montana PBS. Readers may also wish to refer to the separately issued financial statements of Friends for further information.

USING THE FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the basic financial statements consist of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; and the notes to the financial statements. In addition to the financial statements, the MD&A is included as required supplementary information.

The financial statements are prepared using the accrual basis of accounting, wherein revenues are recognized when services are provided, and expenses are recognized when goods or services are received, regardless of when cash is exchanged.

The following discussion and analysis is a comparative overview and noted highlights of Montana PBS's financial position and operating results for the fiscal years ended June 30, 2023, 2022, and 2021. This provides historical and trend information, supplemental to the audited 2023 and 2022 financial statements.

FINANCIAL HIGHLIGHTS AND ANALYSIS

In FY23, the Station saw operating revenues and non-operating revenues that exceeded operating expenses for an overall financial position increase of $489,273. When comparing to the prior year, FY23 reported revenues and operating expenses increased by $283,876 and $546,343 respectively. The change in net position was primarily due to the strong net position at the beginning of the year.

In FY22, the Station saw operating revenues and contributions that exceeded operating expenses for an overall financial position increase of $706,735. When comparing to the prior year, FY22 reported revenues increased by $475,298 and operating expenses decreased slightly by $14,319. Revenue was higher in FY22 due to contract production including a return to a complete athletics schedule and increased donor contributions.

The Statement of Net Position reflects the financial position of Montana PBS at the end of the fiscal year. The difference between total assets and total liabilities (net position) is one indicator of the overall financial strength of any entity.

A summary of the Statements of Net Position is as follows at June 30:

	2023	2022	2021
ASSETS			
Total current assets	$5,489,543	$4,997,868	$3,995,751
Capital assets, net	1,949,835	1,630,716	1,765,822
Grants receivable			
Total other non-current assets	573,801	10,667	3,334
Total Assets	8,013,179	6,639,251	5,764,907
DEFERRED OUTFLOWS (pension and OPEB related)	579,477	628,099	745,517
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$8,592,656**	**$7,267,350**	**$6,510,424**
Total current liabilities	$2,824,153	$2,372,359	$2,186,918
Total non-current liabilities	2,339,197	1,683,053	2,205,839
Total Liabilities	5,063,350	4,055,412	4,392,757
DEFERRED INFLOWS (pension and OPEB related)	523,841	695,746	308,207
NET POSITION			
Invested in capital assets, net of related debt	1,924,156	1,627,630	1,724,152
Unrestricted	1,081,309	888,562	85,308
Total Net Position	3,005,465	2,516,192	1,809,460
Total Liabilities and Net Position	**$8,592,656**	**$7,267,350**	**$6,510,424**

Events or developments which occurred during FY 2023 include:

- Current assets increased by $491,675. While there was an increase in cash and cash equivalents of $635,034, there was a net decrease in Accounts Receivable of $ 178,724.

- Net capital assets increased by $319,119 in FY23 due to net depreciation of assets.

- Total liabilities increased by $1,007,938 in FY23. Inclusion of GASB 87 and 96 (Leases and Subscription-Based Information Technology Arrangements), meant the addition of lease liability to this figure of $444,431 and unearned revenue of $150,000 from the Otto Bremer Trust grant. The net pension liability calculated in accordance with GASB 68, *Accounting and Financial Reporting for Pensions,* increased $199,468 and the deferred inflow of resources for pension and OPEB decreased by $171 ,905. See **Note 7** to the financial statements for more information on pensions. Postemployment benefits (OPEB) liability obligation calculated in accordance with GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* decreased by $133,701 in FY23. There were also liability decreases in accrued payroll and long-term debt.

- Net position increased by $487,939 in FY2.

<u>Events or developments which occurred during FY 2022 include:</u>

- Current assets increased by $1,002,117 due primarily to an increase in cash and cash equivalents of $634,168 and a net increase in accounts receivable of $367,949.

- Net capital assets decreased by $135,106 in FY22. Changes included $144,847 in additions of a copier lease at KUFM and a transmitter and were offset by $267,648 in depreciation expense and $4,548 in recorded disposals.

- Total liabilities decreased by $337,345 in FY22. A long-term debt for equipment was retired in FY22. Deferred revenues from grants increased over FY21 and are planned for use in FY23. Net pension liability and OPEB obligations for health benefits decreased in FY22 after a significant increase in FY21. The net pension liability calculated in accordance with GASB 68, *Accounting and Financial Reporting for Pensions,* decreased $418,058. However, the deferred inflow of resources for pension and OPEB increased by $387,539. See **Note 6** to the financial statements for more information on pensions. Postemployment benefits (OPEB) liability obligation calculated in accordance with GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* decreased by $371,923 in FY22. There were offsetting liability decreases in accrued payroll and long-term debt.

- Net position increased by $706,735 in FY22 due to a $803,257 increase in unrestricted net position and offsetting decreases of $96,522 for invested capital assets, net of related debt.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present revenues earned and expenses incurred during the year on a full accrual basis. In accordance with GASB, revenues and expenses are classified as either operating or non-operating. Operating revenues and expenses are the inflows or uses of funds related directly to fulfilling the entity's purpose (i.e. providing public television services). Non-operating revenues are revenues earned for which goods or services are not provided and include grants from CPB, support from the Montana University System, grant and contract revenue, and contributions from

Friends. Other revenues and expenses include capital grants and gifts, and investment earnings.

A summary of the Statements of Revenues, Expenses and Changes in Net Position at June 30:

	2023	2022	2021
Operating revenue	651,595	664,963	453,104
Operating expenses	6,781,905	6,235,562	6,249,881
Operating gain/(loss)	(6,130,310)	(5,570,599)	(5,796,777)
Non-operating revenue	6,571,160	6,273,916	6,024,434
Capital contributions and other items	48,423	3418	21,518
Increase/(decrease) in Net Position	**489,273**	**706,735**	**249,175**
Net position, beginning of year as previously reported	2,516.192	1,809,457	1,560,285
Net position, beginning of year OPEB restatement			
Net Position, end of year	**$3,005,465**	**$2,170,802**	**$1,809,460**

Events or developments which occurred during 2023 include:

- Operating revenues increased slightly by $13,368, with the majority of the income due to revenue from contract productions.
- Operating expenses increased by $546,463 or almost 9%. Nearly all employee positions at the station were filled, resulting in increased payroll expenses over prior years.
- Non-operating revenue increased in FY23 by $297,244, or almost 5%. CPB grant revenues were up by $274,477, or 25%.
- For additional analysis, the notes to the financial statements present operating expenses in functional groups. Functional expenses include salaries and benefits, services and supplies, repairs and maintenance, rent, public broadcasting dues and other occupancy costs as well as depreciation and amortization.

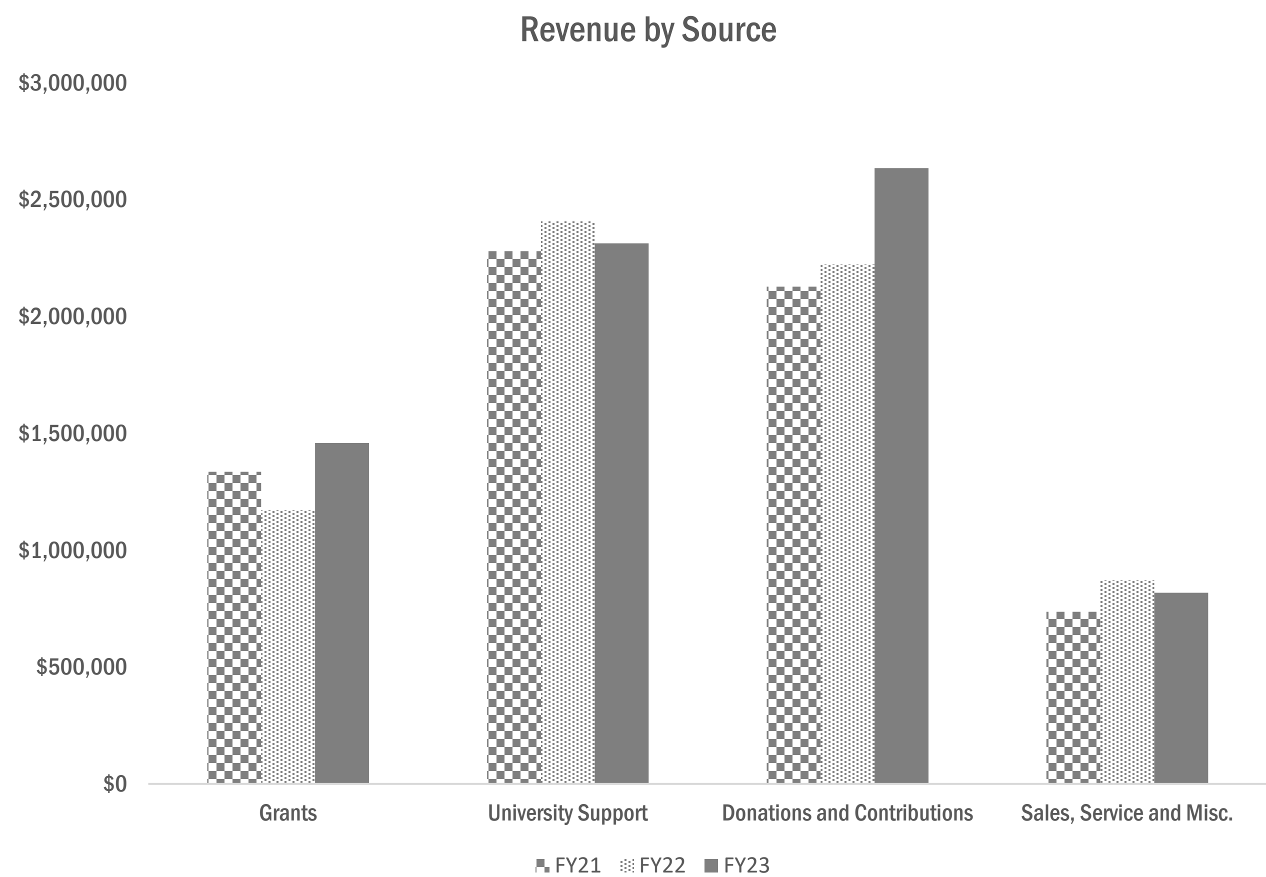
Events or developments which occurred during 2022 include:

- Operating revenues increased by $211,859, back to pre-pandemic levels. Contract productions and a full athletics schedule led to this increase. Grant revenue is lower due to the way grant income is reported, which is by the amount expended in a year, not by total award amount.
- Operating expenses increased by $63,128 or 1%. Although station activity was back to pre-pandemic levels, staffing transitions led to some positions being vacant for an extended period, resulting in lower than expected expenses.
- Non-operating revenue decreased in FY22 by $18,461, which is less than 1%. Revenues were essentially the same in most categories as FY21, with the exception of PBS Royalties which

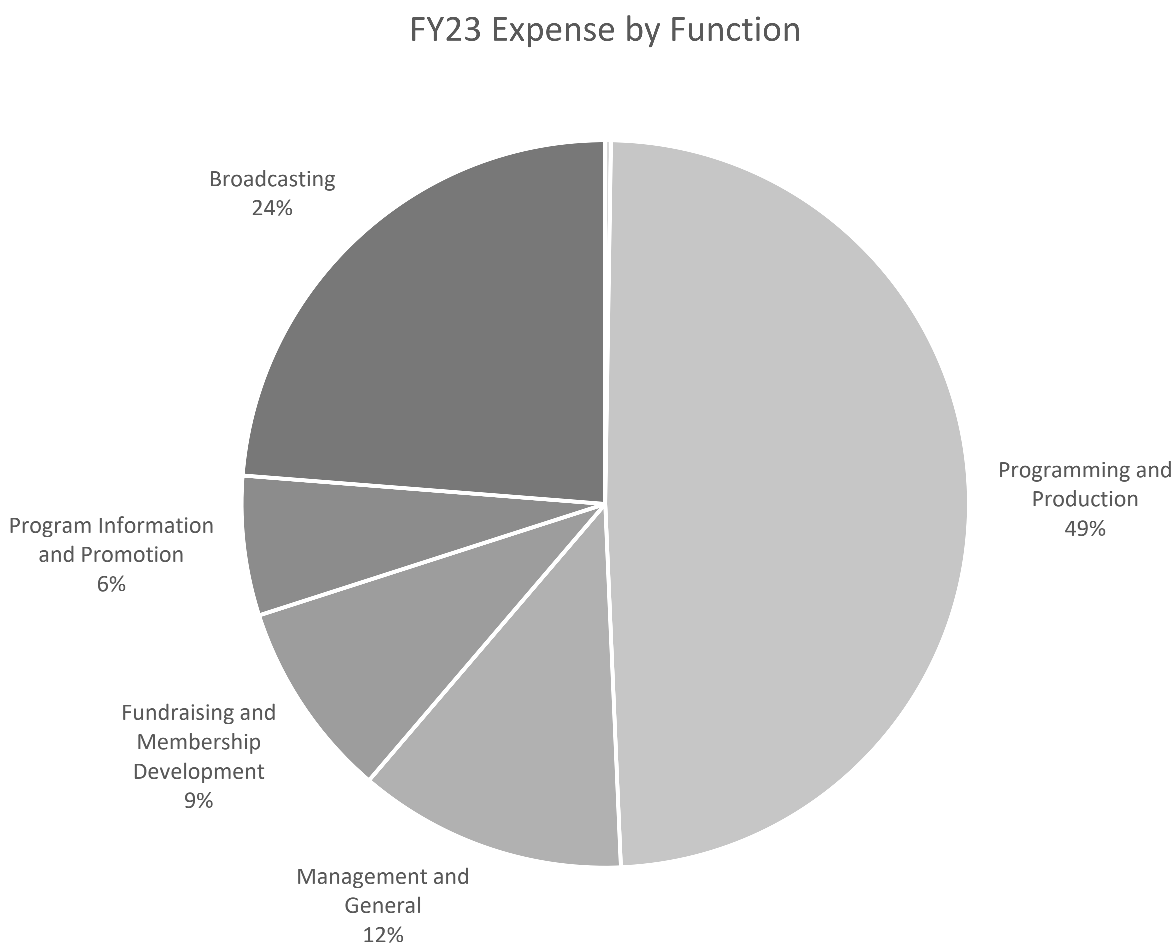
decreased by 91% or $54,442. This was due to unusually high royalty revenue in FY21.

- For additional analysis, the notes to the financial statements present operating expenses in functional groups. Functional expenses include salaries and benefits, services and supplies, repairs and maintenance, rent, public broadcasting dues and other occupancy costs as well as depreciation and amortization.

This chart illustrates recognized revenues by source for FY 2023, 2022 and 2021.



This chart illustrates expenses by function for FY 2023.



Statement of Cash Flows

The Statement of Cash Flows provides additional information about the Station's financial results by reporting the major sources and uses of cash. This statement aids in assessing the Stations' ability to a) meet obligations and commitments as they become due, b) generate future cash flows, and c) recognize the need for external financing.

A summary of the Statements of Cash Flows is as follows at June 30:

	2023	2022	2021
CASH PROVIDED BY (USED IN)			
Operating activities	$(4,807,415)	$(4,477,559)	$(4,645,296)
Noncapital financing activities	5,977,725	5,287,192	6,042,847
Capital and related financing activities	(583,699)	(178,883)	(154,421)
Investing activities	48,423	3,418	21,980
Net change in cash and cash equivalents	**635,034**	**634,168**	**1,265,110**
Cash and cash equivalents – beginning of year	4,549,971	3,915,803	2,650,693
Cash and cash equivalents – end of year	**$5,185,005**	**$4,549,971**	**$3,915,803**

Events or developments which occurred during 2023 include:

- Net Change in cash and cash equivalents totaled $635,034 in FY23, which was only $866 higher than FY22.
- Significant noncash expenses in operating activities include depreciation expense of $259,148 and indirect university support of $834,739.
- In FY23, cash flows from noncapital financing activities totals $5,977,725. This total consists primarily of contributions from Friends of Montana PBS of $3,175,912, state appropriations of $1,477,671, and grants and contracts of $1,573,140.

Events or developments which occurred during 2022 include:

- Net Change in cash and cash equivalents totaled $634,168 in FY22, which decreased by $630,942 from the prior year. This net decrease is primarily due to a decline in cash from Friends of Montana PBS ($396,243 or 15% decrease) and the decrease in cash for production underwriting ($187,149 or 81%).
- Significant noncash expenses in operating activities include depreciation expense of $275,405 and indirect university support of $919,051.
- In FY22, cash flows from noncapital financing activities totals $5,287,192 as compared to $6,042,847 in FY21. This total consists primarily of contributions from Friends of Montana PBS of $2,192,122, state appropriations of $1,487,942, and grants and contracts of $1,512,350.

ECONOMIC OUTLOOK

- The economic outlook for Montana PBS largely mirrors that of our communities, which are showing a remarkable resilience and growth even as record inflation threatens to negatively impact the larger economy in the year ahead.

- Montana PBS management continues to place an emphasis on philanthropic giving, from both annual membership and major donors. Montana PBS has completed an important transition to the national Membership Services Bureau (MSB) service provided by the Contributor Development Partnership (CDP). The sophisticated tools this service provides in database management and member recruitment across platforms are expected to drive net revenue growth, even as the national and local economy face potential head winds.

- Management is confident that growth in major donor revenues will continue, from restricted gifts to the Building Possibilities campaign and from unrestricted donations for operations.

- The Free Will program may provide some revenues through bequests in this fiscal year. Planned gifts through this estate-planning tool continue to grow and will be significant over the coming years.

- At three years with a fully staffed fundraising department, the skills and experience of our Development Director, Major Gift Officer and other seasoned team members will lead to growing revenues across all fundraising initiatives.

- Net revenue from contracted production services will exceed pre-pandemic budgets, with multiple clients requesting more and larger projects. The Montana Public Affairs Network (MPAN) contract with the state's Legislative Services Division renews with a significant increase in services provided. One exception to this upward trend is requests for satellite uplink production services, which have slowed dramatically.

- Federal grant support for public media through CPB is generally positive with larger congressional appropriations in recent years. In FY23, management expects an increase in CPB grant funding, due in part to a larger federal appropriation, and the incentive, Non-Federal Support (NFFS) incentive portion, of the grant formula. Prior year success in growing Montana PBS's NFFS factor leverages a larger share of the national CPB grants pool. This funding growth will be somewhat offset by increased national PBS membership and programming dues which are also calculated using similar formulas.

- The second, and final, year of a capacity-building grant from the Otto Bremer Trust will support the permanent hire of two additional news and public affairs producers. Montana PBS will seek new private funding to continue this initiative beyond 2023. High profile local programming such as *Backroads of Montana, Higgins Ridge* and *Ivan Doig: Landscapes of a Western Mind*, will be positive fundraising tools for the upcoming year.

- Infrastructure and equipment replacement for ATSC 3.0 (NextGen TV) broadcast technology is a budget challenge for the coming years, however, a regional foundation's matching grant is helping the station address this need, along with federal and private funding.

- Elevated real estate costs in Montana communities remain high and present a risk for employee retention and recruitment. While the university is responding to these cost-of-living issues with limited wage increases, and providing partial funding, this trend will continue to pressure the station budget in the coming year and beyond.

- The financial health of the stations is directly affected by the overall health of their university licensees. While student enrollment at the station's respective host universities has indirect effect on Montana PBS, state funding delivered through university budgets is the area of greatest uncertainty. The 2023 Legislative Session will establish funding levels for FY24 and FY25.

- Management believes that our growing membership, and increased donations, demonstrate viewer reliance upon high quality news, information, educational and entertainment programs that cannot be found elsewhere. Viewer trust is Montana PBS's greatest asset. This relationship with our viewers has carried us through a tumultuous time of national and local community stress and we believe that when we stay true to our public service mission, our economic base will hold strong.

Montana PBS A Public Television Entity Operated by Montana University System

Statements of Net Position

June 30,		2023		2022
Assets and Deferred Outflows				
Current assets				
Cash and cash equivalents	$	5,185,005	$	4,549,971
Accounts receivable		208,246		386,970
Prepaid Expenses		96,292		60,927
Total Current Assets		5,489,543		4,997,868
Capital assets,		2,516,200		1,630,716
Noncurrent assets				
Prepaid expenses		7,436		10,667
Total noncurrent assets		7,436		10,667
Total assets		8,013,179		6,639,251
Deferred outflows of resources - pension and OPEB		579,477		628,099
	$	8,592,656	$	7,267,350
Liabilities, Deferred Inflows and Net Position				
Current liabilities				
Accounts payable and accrued expenses	$	94,090	$	29,181
Accrued payroll		79,564		86,061
Unearned revenue		2,401,162		2,123,137
Current portion, compensated absences		129,749		132,342
Current portion, contract liability - subscription based agreement		108,240		-
Current portion, lease liability		11,348		1,638
Total current liabilities		2,824,153		2,372,359
Noncurrent liabilities				
Compensated absences, net of current portion		253,644		206,250
Contract liability - subscription based agreement net of current portion		414,928		-
Capital lease payable, net of current portion		-		-
Pension obligation		1,410,374		1,210,906
Total OPEB obligation - health benefits		130,748		264,449
Lease liability, net of current portion		29,503		1,448
Total noncurrent liabilities		2,239,197		1,683,053
Total liabilities		5,063,350		4,055,412
Deferred inflows of resources - pension and OPEB		523,841		695,746
Net Position				
Invested in capital assets, net of related debt		1,952,181		1,629,078
Unrestricted		1,053,284		888,562
Total net position		3,005,465		2,517,640
	$	8,592,656	$	7,268,798

See accompanying notes to financial statements.

Friends of MontanaPBS, Inc.
A Component Unit of Montana PBS/KUSM TV/KUFM TV
Statements of Financial Position

June 30,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 1,074,050	$ 1,837,166
Certificates of deposit	4,937,321	770,084
Pledges receivable, net of allowance	352,383	875,670
Premium inventory	18,396	18,396
Prepaid expenses	577	8,277
Total current assets	6,382,727	3,509,593
Investments	8,529,290	3,077,081
Total assets	$ 14,912,017	$ 6,586,674
Liabilities		
Current liabilities		
Accounts payable	$ (215)	$ -
Grant payable - current	150,000	150,000
Total current liabilities	149,785	150,000
Non-current liabilities		
Grant payable, non-current	-	150,000
Total liabilities	149,785	300,000
Net assets		
Without donor restrictions	2,248,977	1,574,986
With donor restrictions	12,513,255	4,711,688
Total net assets	14,762,232	6,286,674
Total liabilities and net assets	$ 14,912,017	$ 6,586,674

See accompanying notes to financial statements.

Montana PBS A Public Television Entity Operated by Montana University System

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,	2023	2022
Operating revenues		
Sales and services	$ 10,559	$ 22,943
Contract production	574,728	577,531
Broadband lease	66,308	64,489
Total operating revenues	651,595	664,963
Operating expenses		
Broadcasting	1,611,175	1,632,079
Programming and production	3,327,661	2,642,529
Program information and promotion	420,623	340,379
Management and general	809,194	915,544
Fundraising and membership development	596,152	682,889
Solicitation and underwriting	17,100	22,142
Total operating expenses	6,781,905	6,235,562
Operating loss	(6,130,310)	(5,570,599)
Nonoperating revenues		
Grants from CPB	1,370,333	1,095,856
Grants from state agencies	88,597	67,319
Federal grants and contracts	-	553
State and local grants and contracts	(360)	7,182
Support from Montana University System		
Appropriations for operations	1,477,671	1,487,942
Donated and indirect	834,739	886,994
Contributions from Friends used for other operations	2,574,912	2,492,122
In-kind contributions	59,107	30,084
PBS royalties	1,116	5,233
Production underwriting	97,570	154,385
Program underwriting	61,732	47,865
Other contributions	266	-
Other revenue, net	5,477	(1,619)
Total nonoperating revenues	6,571,160	6,273,916
Other revenues, expenses, gains and losses		
Investment income, net	48,423	3,418
Total other revenues, expenses, gains and losses	48,423	3,418
Change in net position	489,273	706,735
Net position - beginning of year	2,516,192	1,809,457
Net position - end of year	$ 3,005,465	$ 2,516,192

See accompanying notes to financial statements.

Friends of MontanaPBS, Inc.
A Component Unit of Montana PBS/KUSM TV/KUFM TV
Statement of Activities

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support			
Donations	$ 1,123,398	$ 9,035,540	$10,158,938
Membership dues	1,527,668	-	1,527,668
Net investment income	400,753	-	400,753
Miscellaneous	26,775	-	26,775
Satisfaction of program restrictions	1,233,973	(1,233,973)	-
Total revenue and support	4,312,567	7,801,567	12,114,134
Expenses			
Program services - payments to affiliates			
KUSM television per contract	1,753,329	-	1,753,329
KUFM television per contract	438,331	-	438,331
KUSM television programming support	111,600	-	111,600
KUFM television programming support	72,500	-	72,500
KUSM advisory services	375,000	-	375,000
Other program services			
Program guide costs	111,032	-	111,032
Total program services	2,861,792	-	2,861,792
Fundraising			
Credit card and bank fees	40,384	-	40,384
Pledge drive premiums and support	84,365	-	84,365
Postage and direct mail preparation	3,774	-	3,774
Promotion and promotional premiums	102,637	-	102,637
Special events	3,335	-	3,335
Total fundraising	234,495	-	234,495
Management and administrative			
Accounting and bookkeeping services	12,342	-	12,342
Insurance	1,857	-	1,857
Miscellaneous	184,002	-	184,002
Services	337,528	-	337,528
Travel and conferences	6,560	-	6,560
Total management and administration	542,289	-	542,289
Total operating expenses	3,638,576	-	3,638,576
Change in net assets	673,991	7,801,567	8,475,558
Net assets - beginning of year	1,574,986	4,711,688	6,286,674
Net assets - end of year	$ 2,248,977	$ 12,513,255	$14,762,232

See accompanying notes to financial statements.

Friends of MontanaPBS, Inc.
A Component Unit of Montana PBS/KUSM TV/KUFM TV
Statement of Activities

Year ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support			
Donations	$ 1,148,962	$ 2,582,772	$ 3,731,734
Membership dues	1,324,400	-	1,324,400
Net investment loss	(427,740)	-	(427,740)
Miscellaneous	14,145	-	14,145
Satisfaction of program restrictions	702,685	(702,685)	-
Total revenue and support	2,762,452	1,880,087	4,642,539
Expenses			
Program services - payments to affiliates			
KUSM television per contract	1,533,415	-	1,533,415
KUFM television per contract	564,636	-	564,636
KUSM television programming support	405,869	-	405,869
KUFM television programming support	35,000	-	35,000
Other program services			
Program guide costs	90,594	-	90,594
Total program services	2,629,514	-	2,629,514
Fundraising			
Credit card and bank fees	62,142	-	62,142
Pledge drive premiums and support	94,322	-	94,322
Postage and direct mail preparation	127,312	-	127,312
Promotion and promotional premiums	39,957	-	39,957
Special events	6,873	-	6,873
Total fundraising	330,606	-	330,606
Management and administrative			
Accounting and bookkeeping services	9,785	-	9,785
Insurance	2,093	-	2,093
Miscellaneous	18,091	-	18,091
Services	124,224	-	124,224
Travel and conferences	4,654	-	4,654
Total management and administration	158,847	-	29,969
Total operating expenses	3,118,967	-	2,990,089
Change in net assets	(356,515)	1,880,087	1,523,572
Net assets - beginning of year	1,931,501	2,831,601	4,763,102
Net assets - end of year	$ 1,574,986	$ 4,711,688	$ 6,286,674

See accompanying notes to financial statements.

Montana PBS A Public Television Entity Operated by Montana University System

Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities		
Sales and services of educational activities	$ 807,933	$ 623,133
Compensation and benefits	(3,586,708)	(3,102,959)
Other operating expenses	(2,028,640)	(1,997,733)
Net cash from operating activities	(4,807,415)	(4,477,559)
Cash flows from noncapital financing activities		
Contributions from Friends of Montana PBS	2,724,912	2,192,122
Production underwriting	133,411	43,299
State appropriations	1,477,671	1,487,942
Grants and contracts	1,573,140	1,512,350
Other receipts	68,591	51,479
Net cash from noncapital financing activities	5,977,725	5,287,192
Cash flows from capital and related financing activities		
Purchase of capital assets	(578,267)	(106,065)
Disposal of capital assets	-	4,549
Leased assets	(3,794)	(38,783)
Principal and interest paid on long-term debt	(1,638)	(38,584)
Net cash from capital and related financing activities	(583,699)	(178,883)
Cash flows from investing activities		
Investment income	48,423	3,418
Net change in cash and cash equivalents	635,034	634,168
Cash and cash equivalents - beginning of year	4,549,971	3,915,803
Cash and cash equivalents - end of year	$ 5,185,005	$ 4,549,971

See accompanying notes to financial statements.

Montana PBS A Public Television Entity Operated by Montana University System

Statements of Cash Flows (Continued)

For the Years Ended June 30,	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (6,130,310)	$ (5,570,599)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	259,148	275,405
Non-cash operating expenses paid directly by the university	834,739	886,994
In-kind non-cash operating activities	59,107	30,084
Net pension liability and related deferred inflows and outflows	40,020	7,772
Total OPEB obligation - health benefits and related deferred inflows and outflows	(97,536)	(28,615)
(Increase) decrease in assets		
Accounts receivable related to operations	5,448	(30,245)
Prepaid expenses	(32,134)	(7,333)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	64,909	20,587
Accrued payroll	(6,497)	15,865
Compensated absences	44,801	(65,889)
Deferred commercial underwriting revenue	150,890	(11,585)
Net cash flows from operating activities	$ (4,807,415)	$ (4,477,559)

See accompanying notes to financial statements.

Friends of Montana PBS, Inc.
A Component Unit of Montana PBS/ KUSM TV/ KUFM TV
Statements of Cash Flows

For the Years Ended June 30,	2023	2022
Cash flows from operating activities		
Receipts from donors	$ 5,389,808	$ 2,142,886
Receipts from membership dues	1,527,668	1,324,400
Payments on investments fees	(74,280)	(31,459)
Other cash receipts	26,775	14,145
Payments to vendors	(3,781,091)	(2,821,134)
Net cash from operating activities	3,088,880	628,838
Cash flows from investing activities		
Purchases of certificates of deposits	(7,444,000)	(290,000)
Redemptions of certificates of deposits	3,270,000	1,822,923
Purchases of investments	-	(1,471,967)
Proceeds from sale of investments	322,004	378,018
Net cash from investing activities	(3,851,996)	438,974
Net change in cash and cash equivalents	(763,116)	1,067,812
Cash and cash equivalents - beginning of year	1,837,166	769,354
Cash and cash equivalents - end of year	$ 1,074,050	$ 1,837,166
Reconciliation of operating income to net cash flows from operating activities		
Change in net assets	$ 8,475,558	$ 1,523,572
Adjustments to reconcile change in net assets to net change from operating activities:		
Dividends and interest income	(31,152)	(19,819)
Net (gain) loss on investments	(443,881)	416,100
Donated securities	(5,292,417)	(1,215,764)
Changes in operating assets and liabilities:		
Pledges receivable, net	523,287	(373,084)
Prepaid expenses	7,700	(3,418)
Premium inventory	-	6,859
Accounts payable	(215)	(3,689)
Due to affiliates	-	(1,949)
Grants payable	(150,000)	300,000
Net cash flows from operating activities	$ 3,088,880	$ 628,808
Noncash investing and financing activities		
Donated stock, restricted for building expansion	$ -	$ 1,215,764

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Organization

Montana PBS (the Station) is an affiliation between KUSM TV and KUFM TV. The Station is operated by the Montana University System, which is governed by the Montana Board of Regents. KUSM TV is operated by Montana State University, Bozeman, Montana, and KUFM TV is operated by the University of Montana, Missoula, Montana. Additionally, KBGS TV, Billings, a third full-power station, KUGF TV, Great Falls, a fourth full-power station, KUKL TV, Kalispell, a fifth full-power station, and KUHM TV, Helena, a sixth full-power station are operated centrally from the Bozeman facility. The Stations are separate operational units of the Montana University System, which include the University of Montana (UM) and Montana State University (MSU). As component units of the State of Montana, the two universities are included separately in the financial statements of the State of Montana.

The Station services Montanans by acquiring, producing, and delivering high quality television programming, production and community outreach services. These non-commercial services provide state residents access to educational, informational and entertainment programming produced nationally and locally, and extend the impact of television viewing through community outreach efforts. The Stations rely on grants, university support and public contributions.

During the years ended June 30, 2023 and 2022, there were no inter-station transactions. If inter-station activity was to occur during the year, transactions between the combined entities would be eliminated from the financial statements.

The Friends of Montana PBS, Inc. (“Friends”), a not-for-profit Montana corporation, that advises and provides financial support, positive community relations, and related administrative services to Montana PBS, is included as a discretely presented component unit in the Station's reporting entity because of the significance of its operational and financial relationship with the stations.

The administration of Friends is provided by a Board of Directors consisting of 8 to 26 members. One member of the Board of Directors shall be the General Manager of KUSM and another shall be the General Manager of KUFM. One member shall be the President of Montana State University and one member shall be the President of the University of Montana or a person designated annually by the respective Presidents to serve in his/her behalf.

In accordance with GASB Statement No. 39, the financial statements of Friends of Montana PBS, Inc. are being presented in this financial report as a component unit, not consolidated with the financial statements of Montana Public TV. As a result, transactions between the two entities are not eliminated. GASB Statement No. 34 requires that transactions between the two entities be recorded as external transactions. As a result, transfers of funds from Friends to Montana Public TV are recorded as an expense on the financial statements of Friends and as revenue on the financial statements for Montana Public TV (see Note 9).

Note 1: Summary of Significant Accounting Policies (Continued)

Organization (Continued)

A copy of the audited financial statements of the component unit can be obtained by writing to Friends of Montana PBS, Inc. at P. O. Box 173340, Bozeman, MT 59717-3340.

Financial Statement Presentation

The Station's financial statements are presented in accordance with requirements of GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* GASB Statement No. 37, *Basic Financial Statements--and Management's Discussion and Analysis-for State and Local Governments: Omnibus--an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. Under GASB Statements No. 34, No. 35, No. 37, No. 38 and No. 63, the Station is required to present a statement of net position classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position, with separate presentation for operating and nonoperating revenues and expenses, and a statement of cash flows using the direct method. The statements require the classification of net position into three components--invested in capital assets, net of related debt; restricted and unrestricted.

Basis of Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash balances maintained in pooled funds with other University funds are considered cash equivalents. The universities allocate cash balances to Montana PBS from their funds invested in the Short Term Investment Pool (STIP) with the Montana Board of Investments. The universities consider STIP funds to be cash equivalents.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Customer account balances with invoices dated over 30 days are considered delinquent.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management has concluded that realized losses on balances outstanding at year-end will be immaterial and, accordingly, no allowance for uncollectible accounts is considered necessary.

Capital Assets

All acquisitions and improvements ranging from $5,000 for equipment to $500,000 for infrastructure, and with estimated useful lives of more than one year are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Compensated Absences

Employees' compensated absences are accrued when earned. The obligation and expenditure incurred during the year are recorded as accrued compensated absences in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position. As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Amounts recorded as compensated absences payable include employer benefits.

Other Post-Employment Benefits

The Stations have adopted Governmental Accounting Standards Board Statement Number 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The Stations allow retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the Stations to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The State of Montana and its component units amortize the calculated OPEB liability resulting from this implicit rate subsidy over a period of 20 years. The state has not mandated funding of the liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

Deferred Inflows and Deferred Outflows of resources are associated with pensions and other post-employment benefits. In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The Station's net position is classified as follows:

Invested in capital assets, net of related debt: This represents the Stations' total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position: The component of net position that reports the constraints placed on the use of net position by either external parties or enabling legislation. As of June 30, 2023, and 2022, the Stations have no restricted net position to report.

Unrestricted position: The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources that is not reported in *Invested in capital assets, net of related debt* and *restricted net position*.

It is the Station's policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

Classification of Activities

The Stations have classified their revenues as either operating or nonoperating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, including (1) sales and services, (2) contract production revenue, and (3) lease revenues.

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Activities (Continued)

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, production and program underwriting and federal and state grants that receive no direct benefit from the stations.

Program Underwriting

Revenue for program underwriting is recorded on a pro-rata basis for the period covered. Revenue related to subsequent years is reflected as unearned revenues in the accompanying statements of net position.

Grants

Revenue from grants and contracts is recorded as nonoperating revenue and is recognized to the extent of expenses incurred. When cumulative expenses incurred in accordance with the contract and grant provisions are in excess of cumulative receipts, the excess is accrued and reflected as grants receivable with a corresponding credit to revenue, to the extent that total revenue does not exceed the grant award or contract amount. When cumulative receipts are in excess of cumulative expenses, the excess is reflected as unearned revenue. As of June 30, 2023, and 2022, the Stations have recorded unearned revenue related to these grants and contracts in the amount of $2,401,162 and $2,123,137, respectively.

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of the recipients. Montana PBS uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

Note 1: Summary of Significant Accounting Policies (Continued)

Community Service Grants (Continued)

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These provisions generally pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The grants were reported on the accompanying financial statements as unrestricted nonoperating funds.

Donated Facilities, Materials, and Services

Donated facilities from the Montana University System consist of office and studio space together with related occupancy costs and are recorded as revenue and expense at estimated fair rental values in the statements of revenues, expenses, and changes in net position. Administrative support from Montana University System consists of indirect costs incurred by the Universities on behalf of the Stations, determined by establishing cost pools, which are grouped into functional categories such as institutional support, and physical plant support, which are then allocated, based on the Stations' direct costs in accordance with guidelines established by the Corporation for Public Broadcasting (CPB). Donated materials are recorded at their fair value at the time of contribution. Donated personal services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Both the University of Montana and Montana State University pay pension contributions and other employee benefits from a benefit cost pool on behalf of some Station employees. These expenses are allocated to the Stations as direct support.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

As a state institution of higher education, the income of the Stations is exempt from federal and state income taxes however, income generated from activities unrelated to the exempt purpose is subject to income tax under Internal Revenue Code Section 511(a)(2)(B). There was no Unrelated Business Income Tax (UBIT) amount for the years ended June 30, 2023 and 2022. The Stations believe that income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on the financial statements or cash flows. Accordingly, no reserves or related accruals for interest or penalties for uncertain income tax positions have been recorded as of June 30, 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

New Accounting Pronouncements Adopted

During the fiscal year ended June 30, 2023, the Station implemented the following GASB Pronouncements:

GASB Statement No. 87, *Leases*: As of July 1, 2022, the Station implemented GASB Statement No. 87. The statement enhances the relevance and consistency of reporting for the Station's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The Station adopted this guidance retroactively for the year beginning July 1, 2021. The adoption of this guidance did not affect beginning net position for the year ended June 30, 2023, and accordingly, restatement of beginning July 1, 2022 net position was not necessary.

In May 2020, the GASB issued GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* (SBITA). The statement will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The Company adopted this guidance for the year ended September 30, 2023. The adoption of this guidance did not affect beginning net position for the year ended September 30, 2022, and, accordingly, restatement of beginning September 30, 2022 net position was not necessary.

Subsequent Events

The Stations have evaluated events and transactions for potential recognition or disclosure in the financial statements through March 15, 2024, which is the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

Cash balances are maintained in pooled funds with other University funds. The Universities allocate interest earnings based on the amounts Montana PBS has invested in the Short Term Investment Pool (STIP) with the Montana Board of Investments (BOI). Amounts held in STIP may be withdrawn by the university system on demand, and as such are classified as cash equivalents, even though a portion of the pool's underlying investments may be considered noncurrent. Audited financial statements for the State of Montana's Board of Investments are available at 2401 Colonial Drive, 3rd Floor, Helena, Montana 59620.

Investments in the pool are reported at a Net Asset Value (NAV). The fair value of pooled investments is determined annually and is based on year-end market prices. The NAV at June 30, 2023 and 2022 is $0.3212592 and $0.2161703, respectively. Investments in STIP are carried at cost, but reported using the NAV. STIP income is automatically reinvested in additional units. The STIP is not rated by a national rating agency.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Because most of the Station's cash equivalents and certain investments are held in the State of Montana STIP, the state's policies regarding custodial risk are relevant. The security in STIP is held in name of the BOI or were registered in the nominee name for the BOI and held in possession of the BOI custodial bank. Per policy, the BOI's custodial institution must hold short-term and long-term credit rating by at least one Nationally Recognized Statistical Rating Organization with a minimum requirement of A1/P1 (short term) and A3/A-1 (long-term).

Note 3: Capital and Lease Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets being depreciated:				
Studio and broadcast equipment	$ 5,085,464	$ -	$ -	$ 5,085,464
Production equipment	1,963,921	115,845	-	2,079,766
Vehicles	82,103	-	-	82,103
Office machines	7,299	10,675	-	17,974
Transmission, antenna, & tower	3,737,678	-	-	3,737,678
Construction in Progress	-	451,747	-	451,747
Total capital assets being depreciated	10,876,465	578,267	-	11,454,732
Accumulated depreciation	(9,245,749)	(259,148)	-	(9,504,897)
Total capital assets being depreciated, net	$ 1,630,716	$ 319,119	$ -	$ 1,949,835

Note 3: Capital and Lease Assets (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Right of use assets - leased assets:				
Xerox Copier	$ 3,349	$ -	$ -	$ 3,349
Bonneville Power	3,951	-	-	3,951
Montana Sky	41,421	-	-	41,421
Total right of use assets being amortized	48,721	-	-	48,721
Accumulated amortization for right of use assets - leased assets:				
Xerox Copier	-	(1,525)	-	(1,525)
Bonneville Power	-	(1,215)	-	(1,215)
Montana Sky	-	(3,451)	-	(3,451)
Total accumulated depreciation	-	(6,191)	-	(6,191)
Total right of use assets being amortized, net	48,721	(6,191)	-	42,530
Service based agreement asset	-	541,208	-	541,208
Accumulated amortization for service based agreement asset	-	(17,373)		(17,373)
Total service based agreement assets being amortized, net		523,835		523,835
Total capital assets, right of use assets, and service based agreement assets, net	$ 1,679,437	$ 836,763	$ -	$ 2,516,200

Note 3: Capital and Lease Assets (Continued)

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Studio and broadcast equipment	$ 5,077,965	$ 7,499	$ -	$ 5,085,464
Production equipment	1,941,871	22,050	-	1,963,921
Vehicles	82,103	-	-	82,103
Office machines	22,025	-	(14,726)	7,299
Transmission, antenna, & tower	3,622,380	115,298	-	3,737,678
Accumulated depreciation	(8,980,522)	(275,405)	10,178	(9,245,749)
Totals	$ 1,765,822	$ (130,558)	$ (4,548)	$ 1,630,716

Note 4: Long Term Liabilities

The following is a summary of the changes in noncurrent liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Compensated absences	$ 338,592	$ 44,801	$ -	$ 383,393	$ 129,749
Subscription based agreements	-	541,208	18,040	523,168	108,240
Leases	3,086	47,083	9,318	40,851	11,348
Net pension liability	1,210,906	199,468	-	1,410,374	-
Total OPEB - health benefits	264,449	-	133,701	130,748	-
Totals	$ 1,817,033	$ 832,560	$ 161,059	$ 2,488,534	$ 249,337

The following is a summary of the changes in noncurrent liabilities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due in One Year
Compensated absences	$ 404,481	$ -	$ 65,889	$ 338,592	$ 132,342
Long-term debt	36,487	-	36,487	-	-
Leases	5,183	-	2,097	3,086	1,638
Net pension liability	1,628,964	-	418,058	1,210,906	-
Total OPEB - health benefits	372,187	-	107,738	264,449	-
Totals	$ 2,447,302	$ -	$ 630,269	$ 1,817,033	$ 133,980

Note 4: Long Term Liabilities (Continued)

Long-term Debt. During fiscal year 2016, KUSM TV entered into a debt agreement (Intercap loan) to replace outdated equipment (encoder and automation system) used for station operations. KUSM was approved for up to $300,000 and the note bears interest at a variable rate subject to change every February until maturity in August 2021. The current interest rate is at 2.5%. During FY22, remaining loan balance was paid in full.

Note 5: Leases

Changes in leases payable consisted of the following for the year ended June 30, 2023:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due Within One Year
Xerox Copier	$ 3,086	$ -	$ (1,620)	$ 1,466	$ 1,466
Bonneville Power	-	3,951	(1,561)	2,390	1,240
Montana Sky	-	43,132	(6,137)	36,995	8,642
Leases payable	$ 3,086	$ 47,083	$ (9,318)	$ 40,851	$ 11,348

Station as Lessee

The terms and expiration dates of the Station's leases payable at June 30, 2023, follow:

Copier Lease - Lease agreement dated July 1, 2019 in the original principal amount of $7,626 (from implementation date), due in monthly installments of $149 through June 30, 2024.

Bonneville Power Lease - Lease agreement dated August 6, 2020 in the original principal amount of $3,951 (from implementation date), due in monthly installments of $103 through September 30, 2025.

Montana Sky Lease - Lease agreement dated April 17, 2023 in the original principal amount of $41,421 (from implementation date), due in monthly installments of $575 through April 17,2028.

Note 5: Leases (Continued)

Future minimum lease payments are as follows:

	Leases		
	Principal	Interest	Total
2024	$ 11,348	$ 601	$ 11,949
2025	8,587	422	9,009
2026	7,939	306	8,245
2027	7,840	189	8,029
2028	5,137	70	5,207
Totals	$ 40,851	$ 1,588	$ 42,439

Note 6: Subscription Based Agreements

Changes in payable for subscription based agreements for the year ended June 30, 2023 and 2022, were as follows:

Governmental Activities	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amount due within one Year
GlobeCast America, Inc.	$ -	$ 541,208	$ (18,040)	$ 523,168	$ 108,240
Payable	$ -	$ 541,208	$ (18,040)	$ 523,168	$ 108,240

Future Minimum Payments	Principal	Interest	Total
2024	$ 108,240	$ 4,320	$ 112,560
2025	108,240	4,320	112,560
2026	108,240	4,320	112,560
2027	108,240	4,320	112,560
2028	90,208	3,592	93,800
Totals	$ 523,168	$ 20,872	$ 544,040

The terms and expiration of the Station's subscription based agreements are as follows:

GlobeCast America, Inc. - Contract dated May 1, 2023 in the original principal amount of $541,208 (from implementation date), due in monthly installments of $9,380, including interest at 1.55% through April 30, 2028.

Note 7: Employee Benefit Pension Plans

Following is the total of the Station's share of balances for material defined benefit plans as of and for the years ended June 30:

	2023		
	TRS	PERS	Total
Net Pension Liability	$ 36,553	$ 785,854	$ 1,410,374
Deferred Outflows of Resources	98,620	139,333	237,953
Deferred Inflows of Resources	3,392	56,313	59,705
Pension Expense (including state share paid on behalf of the Station).	41,234	122,054	163,288

	2022		
	TRS	PERS	Total
Net Pension Liability	$ 41,211	$ 1,169,695	$ 1,210,906
Deferred Outflows of Resources	106,841	285,547	392,388
Deferred Inflows of Resources	13,043	427,498	440,541
Pension Expense (including state share paid on behalf of the Station).	53,925	164,418	218,343

In accordance with Statement on Governmental Accounting Standard No. 68, Accounting and Financial Reporting for Pensions (Statement 68), employers are required to recognize and report certain amounts associated with their participation in retirement plans. Statement 68 became effective June 30, 2015 and includes requirements to record and report the Station’s proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, the Station has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS that are used to provide pension benefits to the retired members of each of the plans. Due to the existence of a special funding situation, the Station is also required to report the portion of the State of Montana’s proportionate share of the collective Net Pension Liability (NPL) that is associated with the Station.

The Stations' employees are covered under the Montana Public Employees Retirement System (PERS), the Montana Teachers' Retirement System (TRS) or the Montana University System Retirement Program (MUS-RP). The PERS and TRS plans are defined benefit, multiple-employer, and cost sharing plans. Only faculty and staff with contracts under the authority of the Board of Regents may elect either the TRS or the MUS-RP.

Note 7: Employee Benefit Pension Plans (Continued)

The amounts contributed to the plans during the year ended June 30, 2023 were equal to the required contributions for the year:

	Defined Benefit		Defined Contribution
	PERS	TRS	MUS-RP
KUSM TV	$ 70,166	$ 55,362	$ 56,719
KUFM TV	26,230	-	-

Teachers' Retirement System of Montana

a. Summary of Significant Accounting Policies

The Teachers' Retirement System prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at https://trs.mt.gov/TrsInfo/NewsAnnualReports.

b. Plan Description

Teachers' Retirement System (TRS or the System) is a mandatory-participation multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

Note 7: Employee Benefit Pension Plans (Continued)

c. Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - 1.85% x AFC x years of creditable service - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than 1.6667 x AFC x years of creditable service).

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement system’s funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

d. Overview of Contributions

The System receives a portion of the total required statutory contributions directly from the state for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the state is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the state’s general fund for school districts and other employers. The System also receives 0.11% of reportable compensation from the state’s general fund for all TRS Employers including state agency and university system employers. Finally, the state is also required to contribute $25 million in perpetuity payable July 1st of each year.

Note 7: Employee Benefit Pension Plans (Continued)

The tables below show the legislated contribution rates for TRS members, districts and the state.

School District and Other Employers	Members	Employers	General Fund	Total Employee & Employer
Prior to July 1, 2007	7.15 %	7.47 %	0.11 %	14.73 %
July 1, 2007 to June 30, 2009	7.15 %	7.47 %	2.11 %	16.73 %
July 1, 2009 to June 30, 2013	7.15 %	7.47 %	2.49 %	17.11 %
July 1, 2013 to June 30, 2014	8.15 %	8.47 %	2.49 %	19.11 %
July 1, 2014 to June 30, 2015	8.15 %	8.57 %	2.49 %	19.21 %
July 1, 2015 to June 30, 2016	8.15 %	8.67 %	2.49 %	19.31 %
July 1, 2016 to June 30, 2017	8.15 %	8.77 %	2.49 %	19.41 %
July 1, 2017 to June 30, 2018	8.15 %	8.87 %	2.49 %	19.51 %
July 1, 2018 to June 30, 2019	8.15 %	8.97 %	2.49 %	19.61 %
July 1, 2019 to June 30, 2020	8.15 %	9.07 %	2.49 %	19.71 %
July 1, 2020 to June 30, 2021	8.15 %	9.17 %	2.49 %	19.81 %
July 1, 2021 to June 30, 2022	8.15 %	9.27 %	2.49 %	19.91 %
July 1, 2022 to June 30, 2023	8.15 %	9.37 %	2.49 %	20.01 %
July 1, 2023 to June 30, 2024	8.15 %	9.47 %	2.49 %	20.11 %

State and University Employers	Members	Employers	General Fund	Total Employee & Employer
Prior to July 1, 2007	7.15 %	7.47 %	0.11 %	14.73 %
July 1, 2007 to June 30, 2009	7.15 %	9.47 %	0.11 %	16.73 %
July 1, 2009 to June 30, 2013	7.15 %	9.85 %	0.11 %	17.11 %
July 1, 2013 to June 30, 2014	8.15 %	10.85 %	0.11 %	19.11 %
July 1, 2014 to June 30, 2015	8.15 %	10.95 %	0.11 %	19.21 %
July 1, 2015 to June 30, 2016	8.15 %	11.05 %	0.11 %	19.31 %
July 1, 2016 to June 30, 2017	8.15 %	11.15 %	0.11 %	19.41 %
July 1, 2017 to June 30, 2018	8.15 %	11.25 %	0.11 %	19.51 %
July 1, 2018 to June 30, 2019	8.15 %	11.35 %	0.11 %	19.61 %
July 1, 2019 to June 30, 2020	8.15 %	11.45 %	0.11 %	19.71 %
July 1, 2020 to June 30, 2021	8.15 %	11.55 %	0.11 %	19.81 %
July 1, 2021 to June 30, 2022	8.15 %	11.65 %	0.11 %	19.91 %
July 1, 2022 to June 30, 2023	8.15 %	11.75 %	0.11 %	20.01 %
July 1, 2023 to June 30, 2024	8.15 %	11.85 %	0.11 %	20.11 %

Note 7: Employee Benefit Pension Plans (Continued)

e. TRS Stand-Alone Statements

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at https://trs.mt.gov/TrsInfo/NewsAnnualReports.

f. Actuarial Assumptions

The total pension liability as of June 30, 2022, is based on the results of an actuarial valuation date of July 1, 2022. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

• Total wage increases* for University Members	3.50% - 9.00% for University Members and 4.25%
• Investment return	7.30%
• Price inflation	2.75%

- Postretirement Benefit Increases
    - Tier One Members: If the retiree has received benefits for the at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
    - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than .5%, but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
    - For Males and Females: RP-2000 Healthy Combined Mortality Table Projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members
    - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
    - For Females: RP 2000 Disabled Mortality Table, set back two years, with mortality improvements projected by Scale BB to 2022.

*Total wage increases include 3.50% general wage increase assumption

g. Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the state general fund will contribute $25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Note 7: Employee Benefit Pension Plans (Continued)

h. Target Allocations

Asset Class	Target Asset Allocation (a)	Long term Expected Portfolio Real Rate of Return (b)
Domestic Equity	30.00 %	5.90 %
International Equity	17.00 %	7.14 %
Private Equity	15.00 %	9.13 %
Real assets	5.00 %	4.03 %
Real estate	9.00 %	5.41 %
Core-Fixed Income	15.00 %	1.14 %
Non-Core Fixed Income	6.00 %	3.02 %
Cash	3.00 %	(0.33)%
	100.00 %	

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

i. Sensitivity Analysis

	1% Decrease 6.30%	Current Discount Rate	1% Increase 8.30%
KUSM's portion of net pension liability	51,058	36,553	24,413

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

Note 7: Employee Benefit Pension Plans (Continued)

j. Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective net pension liability. In accordance with Statement 68, the System has a special funding situation in which the state of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the state of Montana's proportionate share of the collective net pension liability that is associated with the employer. The following table displays the amounts and the percentages of net pension liability for the fiscal years ended June 30, 2023 and June 30, 2022 (reporting dates).

	Net pension liability as of 6/30/2022	Net pension liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
KUSM's proportionate share	$ 36,553	$ 41,211	0.0061 %	0.0071 %	(0.0010)%
State of Montana proportionate share associated with the	10,709	12,714	0.0060 %	0.0071 %	(0.0011)%
Totals	$ 47,262	$ 53,925	0.0121 %	0.0142 %	(0.0021)%

At June 30, 2023, the Station recorded a liability of $36,553 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The Station's proportion of the net pension liability was based on the Station's contributions received by TRS during the measurement period July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2023, the Station's proportion was 0.0061 percent.

***Changes in actuarial assumptions and other inputs*:** Since the previous measurement date the following changes to actuarial assumptions were made:

- The discount rate was lowered from 7.06% to 7.30%.
- The investment rate was lowered from 7.06% to 7.30%
- The inflation rate was increased from 2.40% to 2.75%
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

Note 7: Employee Benefit Pension Plans (Continued)

Changes in benefit terms**:** There have been no changes in benefit terms since the previous measurement date.

Change in proportionate share**:** There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

k. Pension Expense

		Pension Expense as of 6/30/2023
KUSM's proportionate share	$	36,335
State of Montana proportionate share associated with the		886
Total	$	37,221

At June 30, 2023, the Station recognized pension expense of $37,221 for its proportionate share of the TRS' pension expense. The Station also recognized grant revenue of $886 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the Station.

Note 7: Employee Benefit Pension Plans (Continued)

l. Deferred Inflows and Outflows

At June 30, 2023, the Station reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 556	$ -
Changes in actuarial assumptions	1,939	3,392
Difference between projected and actual investment earnings	887	-
Changes in proportion and differences between actual and expected contributions	47,565	-
*Contributions paid to TRS subsequent to the measurement date - FY 2023 contributions	47,673	-
Total	$ 98,620	$ 3,392

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	**Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense**
2024	$ 24,933
2025	13,207
2026	6,778
2027	2,637
2028	0
Thereafter	0

Note 7: Employee Benefit Pension Plans (Continued)

Montana Public Employee Retirement System

a. Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability (NPL); deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and, additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

b. General Information about the Pension Plan

Plan Description: The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

Benefits provided: The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Note 7: Employee Benefit Pension Plans (Continued)

Service retirement

- Hired prior to July 1, 2011:
  - Age 60, 5 years of membership service;
  - Age 65, regardless of membership service; or
  - Any age, 30 years of membership service.

- Hired on or after July 1, 2011:
  - Age 65, 5 years of membership service;
  - Age 70, regardless of membership service.

Early Retirement

- Hired prior to July 1, 2011:
  - Age 50, 5 years of membership service; or
  - Any age, 25 years of membership service.
- Hired on or after July 1, 2011:
  - Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service):

- Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
  - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
  - No service credit for second employment;
  - Start the same benefit amount the month following termination; and
  - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:
  - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
  - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
  - The same retirement as prior to the return to service;
  - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
  - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Note 7: Employee Benefit Pension Plans (Continued)

Member's highest average compensation (HAC)
- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months.

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

Monthly benefit formula
- Members hired prior to July 1, 2011
  - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
  - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
  - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
  - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
  - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)
After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the members benefit.
- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and July 30, 2013
- Members hired on or after July 1, 2013
  a. 1.5% each year PERS is funded at or above 90%;
  b. 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%; and
  c. 0% whenever the amortization period for PERS is 40 years or more.

Contributions: The state Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are *not* accounted for as special funding for state agencies and universities but are reported as employer contributions.

Note 7: Employee Benefit Pension Plans (Continued)

Member and employer contribution rates are shown in the table below:

	Member		States & Universities	Local Government		School Districts	
Fiscal Year	Hired <7/1/11	Hired >7/1/11	Employer	Employer	State	Employer	State
2023	7.900 %	7.900 %	9.070 %	8.970 %	0.100 %	8.700 %	0.370 %
2022	7.900 %	7.900 %	8.970 %	8.870	0.100 %	8.600 %	0.370 %
2021	7.900 %	7.900 %	8.870 %	8.770	0.100 %	8.500 %	0.370 %
2020	7.900 %	7.900 %	8.770 %	8.670	0.100 %	8.400 %	0.370 %
2019	7.900 %	7.900 %	8.670 %	8.570 %	0.100 %	8.300 %	0.370 %
2018	7.900 %	7.900 %	8.570 %	8.470 %	0.100 %	8.200 %	0.370 %
2017	7.900 %	7.900 %	8.470 %	8.370 %	0.100 %	8.100 %	0.370 %
2016	7.900 %	7.900 %	8.370 %	8.270 %	0.100 %	8.000 %	0.370 %
2015	7.900 %	7.900 %	8.270 %	8.170 %	0.100 %	7.900 %	0.370 %
2014	7.900 %	7.900 %	8.170 %	7.170 %	- %	7.800 %	0.370 %
2012-2013	6.900 %	7.900 %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2010-2011	6.900 %	- %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2008-2009	6.900 %	- %	7.035 %	6.935 %	0.100 %	6.800 %	0.235 %
2000-2007	6.900 %	- %	6.900 %	6.800 %	0.100 %	6.800 %	0.100 %

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rate.

2. Employer contribution to the system:
   a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contribution rates.
   b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
   c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

Note 7: Employee Benefit Pension Plans (Continued)

3. Non-Employer Contributions:
   a. Special Funding
      i. The State contributed 0.1% of members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
      iii. The State contributed a Statutory Appropriation from the General Fund of $34,633,570.

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability (TPL). The basis for the TPL as of June 30, 2022, was determined by taking the results of the June 30, 2021, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The TPL minus the fiduciary net position equals the net pension liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2022 and 2021, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of $66,999,910 and the employer's proportionate share was 2.817626 percent.

As of measurement date	Net pension liability as of 6/30/2022	Net pension liability as of 6/30/2021	Percent of Collective NPL 6/30/2022	Percent of Collective NPL 6/30/2021*	Change in Percent of Collective NPL
KUSM's proportionate share	$ 785,854	$ 658,106	0.011729 %	0.013200 %	(0.001471)%
State of Montana proportionate share associated with the	225,804	186,294	0.011729 %	0.013200 %	(0.001471)%
Totals	$ 1,011,658	$ 844,400	0.023458 %	0.026400 %	(0.002942)%

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was increased from 7.06% to 7.30%.
2. The investment rate of return was increased from 7.06% to 7.30%.
3. Updated all mortality tables to the PUB2010 tables for general employees.

Note 7: Employee Benefit Pension Plans (Continued)

4. Updated the rates of withdrawal, retirement, and disability.
5. Lowered the payroll growth assumption from 3.50% to 3.25%.
6. The inflation rate was increased from 2.40% to 2.75%.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the station's reporting date that are expected to have a significant effect on the station's proportionate share of the collective NPL.

Pension Expense: At June 30, 2022, the employer recognized $90,202 for its proportionate share of the Plan's pension expense and recognized grant revenue of $21,515 for the state of Montana proportionate share of the pension expense associated with the employer.

As of measurement date	**Pension Expense as of 6/30/2022**	Pension Expense as of 6/30/2021
Station's proportionate share	$ 90,202	$ 46,030
State of Montana proportionate share for the Station	21,515	58,514
Totals	$ 111,717	

Recognition of Deferred Inflows and Outflows: At June 30, 2022, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Expected vs. actual experience	$ 9,972	$ -
Projected investment earnings vs actual investment earnings	22,990	-
Changes in assumptions	29,151	56,313
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,527	-
Station's contributions subsequent to the measurement date	63,693	-
Totals	$ 139,333	$ 56,313

Note 7: Employee Benefit Pension Plans (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) in pension expense	
2023	$	16,188
2024		(24,822)
2025		(24,382)
2026		52,343

Actuarial Assumptions: The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions.

Investment return (net of admin expense)	7.30%
Admin expense as % of payroll	0.00%
General wage growth* *includes inflation at	3.50% 2.75%
Merit increases	0% to 4.80%
Postretirement benefit increases 1. Guaranteed Annual Benefit Adjustment (GABA) each January • After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit. • Members hired prior to July 1, 2007 • Members hired between July 1, 2007 & June 30, 2013 • Members hired on or after July 1, 2013 • For each year PERS is funded at or above 90% • The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90% • 0% whenever the amortization period for PERS is 40 years or more	 3.0% 1.5% 1.5% 0%

Note 7: Employee Benefit Pension Plans (Continued)

Mortality	
• Active Participants	PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2001.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Healthy Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Discount Rate: The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Note 7: Employee Benefit Pension Plans (Continued)

Target Allocations: The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return Arithmetic Basis**
Cash Equivalents	3.0 %	(0.33)%
Domestic Equity	30.0 %	5.90 %
Foreign Equity	17.0 %	7.14 %
Private Investments	15.0 %	9.13 %
Real assets	5.0 %	4.03 %
Real Estate	9.0 %	5.41 %
Core Fixed Income	15.0 %	1.14 %
Non-Core Fixed Income	6.0 %	3.02 %
Total	100.0 %	

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	**1% Decrease (6.30%)**	**Current Discount Rate**	**1% Increase (8.30%)**
Station's net pension liability	$ 1,132,845	$ 785,854	$ 494,732

Note 7: Employee Benefit Pension Plans (Continued)

d. PERS Disclosure for the Defined Contribution Plan

The Station contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2022, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled $1,103,889.

Pension plan fiduciary net position: The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at https://mpera.mt.gov/about/annualreports1/annualreports.

Note 8: Other Postemployment Benefits

Other post-employment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave. Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB as allocated to the Station, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30:

	2023	2022
Total OPEB Liability	$ 130,748	$ 264,449
Deferred OPEB Outflows of Resources	278,450	235,711
Deferred OPEB Inflows of Resources	353,956	255,205
OPEB expense	11,292	30,957

Plan Description— The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides optional post-employment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Participants must elect to start medical coverage within 60 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for post-employment healthcare benefits on a pay-as-you-go basis from general assets from the MUS group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer proportionate share of total OPEB liability and basis for allocation:

The total OPEB liability (TOL) was based on the actuarial valuation as of December 31, 2020, with a measurement date of March 31, 2023. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Note 8: Other Postemployment Benefits (Continued)

Proportionate share of collective total OPEB liability:

The Station's share of the total plan OPEB liability was as follows:

		2023		2022	Percent of Collective OPEB at June 30, 2023	Percent of Collective OPEB at June 30, 2022
State of Montana Proportionate Share associated with Montana PBS	$	130,748	$	264,449	- %	- %
Totals	$	130,748	$	264,449	- %	- %

		2023				2022		
		Deferred Outflows of Resources		Deferred Inflows of Resources		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	98,137	$	131,154	$	-	$	-
Changes in actuarial assumptions or other inputs		253,027		303,911		286,257		308,744
Prior period amortization		(44,676)		(45,981)		(27,852)		(28,722)
FY22 amortization		(28,038)		(35,128)		(22,694)		(24,817)
Totals	$	278,450	$	353,956	$	235,711	$	255,205

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be fully recognized in expense during the years ending June 30, as follows:

Note 8: Other Postemployment Benefits (Continued)

	Net Amount to be Recognized as an Increase or (Decrease) to OPEB Expense
2024	$ (7,091)
2025	(7,091)
2026	(7,091)
2027	(7,091)
2028	(7,091)
Thereafter	(40,055)
Total	$ (75,510)

Actuarial Methods and Assumptions

The total OPEB liability (TOL) measured under GASB Statement No. 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. As a pay-as-you-go public entity, GASB 75 requires a current municipal bond discount rate to establish an Actuarially Determined Contribution (ADC). The GASB 75 valuation is further required to show both historical and projected future net changes in TOL, as well as sensitivity to changes in key underlying assumptions. Actuarially determined amounts are subject to continual revisions being actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Note 8: Other Postemployment Benefits (Continued)

Information as of the latest actuarial valuation for the MUS OPEB plan follows:

Average annual contribution:		Retiring/Surviving Spouse		Spouse	Actuarial assumptions:	
Before Medicare eligibility	$	11,772	$	9,637	Discount rate	3.98%
After Medicare eligibility	$	4,416		5,205		
Actuarial valuation date		December 31, 2020			Projected payroll increases	2.5
					Participation:	
Actuarial measurement date (1)		March 31, 2023			Future Retirees	40%
Actuarial cost method		Entry age normal funding method			Future eligible spouses	70%
Amortization method		Level percent of pay		-	Marital status at retirement	70%
Remaining amortization period		20 years				
Asset valuation method		Not applicable since no assets meet the definition of plan assets under GASB 75		-		

(1) Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Health: For TRS and MUS-RP, healthy mortality is assumed to follow the RP-2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP-2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years for males, set back two years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, healthy mortality is assumed to follow the RP-2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

Mortality - Disabled: For TRS and MUS-RP, disabled mortality is assumed to follow the RP-2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, disabled mortality is assumed to follow the RP-2000 Combined Mortality Table with no projections.

Note 8: Other Postemployment Benefits (Continued)

Changes in actuarial assumptions and methods since last measurement date: No changes to methodology since the prior valuation. Changes to assumptions included a decrease to the interest/discount rate based on the average of multiple 3/31/21 municipal bond rate sources.

Changes in benefit terms since last measurement date: Reduced carrier options to one.

Sensitivity of the TOL to changes in the healthcare cost trend rates:

The following presents the Total OBEP Liability if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Assuming 1.0% Decrease (5.5%)	Current Rate (6.5%)	Assuming 1.0% Increase 7.5%
Station's Proportionate Share	$ 98,720	$ 130,748	$ 174,520

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OBEP Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2019 20-year municipal bond rate:

	Assuming 1.0% Decrease (2.98%)	Current Rate (3.98%)	Assuming 1.0% Increase (4.98%)
Station's Proportionate Share	$ 172,022	$ 130,748	$ 99,640

Financial and plan information— The MUS Group Benefits Plan does not issue a stand-alone financial report but is subject to audit as part of the State of Montana’s Basic Financial Statements, included in the Annual Comprehensive Financial Report (ACFR). A copy of the most recent ACFR can be obtained online at http://afsd.mt.gov/CAFR/CAFR.asp or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

Note 9: Commitments and Contingencies

The Stations operate their programs with the aid of funding primarily from the following sources:

1. CPB CSG grants.

2. Appropriations from the Montana University System.

3. Contributions from Friends of Montana PBS, Inc.

A major reduction in the level of support from any of these funding sources could have a negative impact on the Stations' ability to maintain its current programs.

Montana PBS must use its community service grants within two-year grant periods. Any unexpended funds must be returned to the Corporation for Public Broadcasting. Although it is a possibility that the funds could not be spent within the grant period, the management of Montana PBS deems the contingency remote.

The Stations face a number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, and (c) Workers' Compensation. The Stations, as departments of the Montana University System, participate in the risk management programs of the Montana University System and the State of Montana.

Note 10: Related Party

During the years ended June 30, 2023 and 2022, the Stations received monetary support from Friends of Montana PBS, Inc. as disclosed in the statements.

Note 11: In-Kind Contributions

The following in-kind contributions were recorded in Montana PBS's financial statements for the years ended June 30, 2023 and 2022:

	2023	2022
University indirect administrative support and occupancy	$ 834,739	$ 886,994
In-kind services provided by program sponsors	59,107	30,084
Totals	$ 893,846	$ 917,078

Required Supplementary Information

Montana PBS A Public Television Entity Operated by the Montana University System
Required Supplementary Information

TRS Schedule of Montana PBS's Proportionate Share of the Net Pension Liability

Year	Montana PBS's Proportion of the NPL	Montana PBS's Share of the NPL	Montana PBS's Covered Payroll	Montana PBS's share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2017	0.00%	$ 55,265	$ 30,807	179.39%	66.69%
2018	0.00%	43,508	28,324	153.61%	70.09%
2019	0.00%	43,114	24,401	176.69%	69.09%
2020	0.00%	54,973	30,585	179.74%	68.64%
2021	0.00%	64,039	31,040	206.31%	64.95%
2022	0.00%	41,211	28,134	146.48%	75.54%
2023	0.00%	36,553	24,954	146.48%	70.61%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TRS Schedule of Montana PBS's Contribution

Year	Contractually Required Contributions	Contributions Made *	Excess/ (Deficiency)	Montana PBS's Covered Payroll	Contributions as a % of Covered Payroll
2017	$ 34,626	$ 34,626	$ -	$ 30,807	88.93%
2018	35,270	35,270	-	30,005	101.07%
2019	39,123	39,123	-	36,400	107.48%
2020	45,377	45,377	-	40,375	112.39%
2021	49,002	49,002	-	41,071	119.31%
2022	50,065	50,065	-	37,856	132.25%
2023	55,362	55,362	-	573,699	9.65%

*Includes contributions made as a percent of MUS-RP covered payroll as well as PERS covered payroll at statutory rates.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Accountant's Audit Report.

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

PERS Schedule of Montana PBS's Proportionate Share of the Net Pension Liability

Year	Montana PBS's Proportion of the NPL	Montana PBS's Share of the NPL	Montana PBS's Covered Payroll	Montana PBS's share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2017	0.00%	$ 1,121,041	$ 778,933	143.92%	74.71%
2018	0.00%	1,374,454	869,963	157.99%	73.75%
2019	0.00%	1,207,388	945,562	127.69%	73.47%
2020	0.00%	1,192,997	1,564,926	76.23%	73.85%
2021	0.00%	1,564,926	986,277	158.67%	68.90%
2022	0.00%	1,169,695	1,124,166	104.05%	79.91%
2023	0.00%	785,854	573,201	137.10%	73.66%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PERS Schedule of Montana PBS's Contribution

Year	Contractually Required Contributions	Contributions Made *	Excess/ (Deficiency)	Montana PBS's Covered Payroll	Contributions as a % of Covered Payroll
2017	$ 68,145	$ 68,145	$ -	$ 764,815	8.91%
2018	72,476	72,476	-	826,408	8.77%
2019	80,664	80,664	-	843,766	9.56%
2020	80,158	80,158	-	822,977	9.74%
2021	111,143	111,143	-	1,197,662	9.28%
2022	92,802	92,802	-	1,024,305	9.06%
2023	55,362	55,362	-	573,106	9.66%

*Includes contributions made as a percent of MUS-RP covered payroll as well as PERS covered payroll at statutory rates.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Accountant's Audit Report.

Notes to Required Supplementary Information - Pensions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and wage rates. Amounts determined regarding the plans are subject to continual revision as actual results are compared with past expectations.

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

See Independent Accountant's Audit Report.

TRS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the TRS schedules:

Actuarial Valuation Date	Actuarial Cost Method	Amortization Method	Remaining Amortization Period	Asset Valuation Method	Inflation	Salary Increase	Investment Rate of Return (Shown Net of Pension Plan Investment Expense, and Including Inflation)
July 1, 2014	Entry age	Level percentage of pay, open	28 years	4-year smoothed market	3.25%	4.00% - 8.51%	7.75%
July 1, 2015	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	3.25%	4.00 - 8.51 %	7.75%
July 1, 2016	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	3.25%	4.00 - 8.51 %	7.75%
July 1, 2017	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00 - 8.51 %	7.75%
July 1, 2018	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00 - 8.51%	7.75%
July 1, 2019	Entry age	Level percentage of pay, open	31 years	4-year smoothed market	2.50%	3.25 - 7.76%	7.50%
July 1, 2020	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25%-7.76%	7.50%
July 1, 2021	Entry age	Level percentage of pay, open	29 years	4- year smoothed market	2.50%	3.25%-7.76%	7.50%
July 1, 2022	Entry age	Level percentage of pay, open	24 years	4- year smoothed market	2.50	3.25%-7.76%	7.50%

See Independent Accountant's Audit Report.

Changes that affect trend data
Changes of Benefit Terms:

The following changes to the plan provisions were made as identified:

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below.

(1) **Final Average Compensation**: Average of earned compensation paid in five consecutive years of full-time service that yields the highest average
(2) **Service Retirement**: Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
(3) **Early Retirement**: Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
(4) **Professional Retirement Option**: If the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
(5) **Annual Contribution:** 8.15% of member's earned compensation
(6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
(7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
(8) **Guaranteed Annual Benefit Adjustment (GABA):**
a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

House Bill 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to $25 million paid to System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was $22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
    - School Districts contributions will increase from 7.47% to 8.47%
    - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
    - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 through fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.. This amount will increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2022:

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%

The following changes to the actuarial assumptions were adopted in 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%

- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

Mortality among disabled members was updated to the following:
For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.

For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members “to account for larger than average annual compensation increases observed in the years immediately preceding retirement” is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility.
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the $500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to “retain membership in the System” are covered by the $500 death benefit after termination.

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

The following changes to the actuarial assumptions were adopted in 2014:

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

Mortality among disabled members was updated to the following:

For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

See Independent Accountant's Audit Report.

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

PERS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the PERS schedules:

Actuarial Valuation Date	Actuarial Cost Method	Amortization Method	Remaining Amortization Period	Asset Valuation Method	Inflation	Salary Increase	Investment Rate of Return (Shown Net of Pension Plan Investment Expense, and Including Inflation)	Other
July 1, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	29.3 years	4-year smoothed market	3.00 %	General Wage Growth - 4.00% Merit - 0% - 6%	7.75 %	0.27% administrative expenses as a % of payroll GABA- 3.0% or 1.5% for hires after July 1, 2007
July 1, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.00 %	General Wage Growth - 4.00% (including inflation at 3.00%) Merit - 0% - 6%	7.75 %	0.27% administrative expenses as a % of payroll GABA- 3.0% or 1.5% for hires after July 1, 2007
July 1, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	27.2 years	4-year smoothed market	3.00 %	General Wage Growth - 4.00% Merit - 0% - 6%	7.75 %	0.27% administrative expenses as a % of payroll GABA- 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired after July 1, 2013: 1.5% for each ear PERS is funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more
July 1, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	2.75 %	General Wage Growth - 3.50% Merit - 0% - 4.8%	7.65 %	See above

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

July 1, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75 %	General Wage Growth - 3.50% Merit - 0% - 4.8%	7.65 %	0.26% administrative expense as a % of payroll. GABA- 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired after July 1, 2013: 1.5% for each ear PERS is funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more.
July 1, 2018, rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75 %	General Wage Growth - 3.50% Merit - 0% - 6.3%	7.65 %	See above
July 1, 2019 rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75 %	General Wage Growth - 3.50% Merit - 0% - 8.47%	7.65 %	See above
July 1, 2020, rolled forward to 2021	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75 %	General Wage Growth - 3.50% Merit - 0%-8.47%	7.65 %	See above
July 1, 2021, rolled forward to 2022	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75 %	General Wage Growth: 3.50% Merit: 0%-8.47%	7.65 %	0.29% administrative expense as a % of payroll.

See Independent Accountant's Audit Report.

<u>2017 Legislative Changes</u>:

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - for PERS

If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

<u>Refunds</u>

1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.

2) Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of termination of service.

3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

<u>Interest credited to member accounts</u>

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

<u>Lump-sum payouts</u>

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member’s accumulated contributions rate rather than the present value of the member’s benefit.

<u>Disabled PERS Defined Contribution (DC) Members</u>

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Montana PBS A Public Television Entity Operated by the Montana University System

Required Supplementary Information

Other Post-Employment Benefits:

The MUS OPEB plan has not established a trust to accumulate employer contributions; as such, net assets are not considered irrevocable, legally required to be used to provide OPEB to plan members, or protected from creditors.

Schedule of the Station's Proportionate Share of the total OPEB Liability

Measurement Year	Montana PBS's Proportion of the OPEB Liability	Montana PBS's Share of the OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	0.00 %	$ 186,048	0.00 %
2019	0.00 %	256,326	0.00 %
2020	0.00 %	177,834	0.00 %
2021	0.00 %	372,187	0.00 %
2022	0.00 %	264,449	0.00 %
2023	0.00 %	130,748	0.00 %

Total OPEB liability	2023	2022	2021
Service cost	$ 14,093	$ 23,504	$ 10,729
Interest on total OPEB liability	9,717	8,197	5,325
Changes in assumptions	(157,509)	(154,348)	178,391
Benefit payments	0	14,907	(92)
Net change in total OPEB liability	(133,699)	(107,740)	194,353
Total OPEB liability, beginning of year	264,447	372,187	177,834
Total OPEB liability, end of year	$ 130,748	$ 264,447	$ 372,187
Covered payroll	$ 2,377,848	$ 2,494,783	$ 2,845,466
Total liability as a percentage of covered payroll	5.50 %	10.60 %	13.08 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Note to Required Supplementary Information— OPEB

Other Post - Employment Benefits (OPEB) Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Changes to the plan that affect trends will be reported as they occur in the future.

See Independent Accountant's Audit Report.

Supplementary Information

Montana PBS A Public Television Entity Operated by Montana University System

Combined Schedule of Functional Expenses

Years Ended June 30,	Broadcasting	Programming and Production	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Solicitation and Underwriting	2023 Total Expenses	2022 Total Expenses
Salaries and benefits	$ 884,271	$ 1,493,577	$ 292,046	$ 2,669,894	$ 451,186	$ 443,894	$ 13,814	$ 3,578,788	$ 3,057,774
Services	10,719	167,275	22,150	200,144	32,229	2,803	-	235,176	250,744
Supplies	109,589	152,094	10,339	272,022	21,179	7,576	-	300,777	273,503
Communications	28,046	35,595	2,580	66,221	31,980	17,719	-	115,920	105,907
Travel	17,101	72,015	15,784	104,900	14,035	14,993	-	133,928	79,837
Rent	133,156	19,670	833	153,659	3,917	214	-	157,790	166,316
Repair and maintenance	8,242	48,567	2,801	59,610	3,185	395	-	63,190	52,740
Professional services	7,193	10,416	-	17,609	968	-	-	18,577	17,282
Public broadcasting duties	-	916,801	-	916,801	-	-	-	916,801	729,061
Indirect costs	200,439	347,477	69,473	617,389	108,470	105,595	3,286	834,740	919,051
Other	21,248	42,257	4,617	68,122	72,422	2,963	-	143,507	307,943
Depreciation and amortization	191,171	21,917	-	213,088	69,623	-	-	282,711	275,404
Totals	$ 1,611,175	$ 3,327,661	$ 420,623	$ 5,359,459	$ 809,194	$ 596,152	$ 17,100	$ 6,781,905	$ 6,235,562

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Combining Schedule of Net Position

June 30, 2023	KUSM	KUFM	Total
Current assets			
Cash and cash equivalents	$ 4,803,531	$ 381,474	$ 5,185,005
Accounts receivable	197,954	10,292	208,246
Prepaid Expenses	96,292	-	96,292
Total current assets	5,097,777	391,766	5,489,543
Capital assets			
Studio and broadcast equipment	3,863,479	1,227,718	5,091,197
Production equipment	1,963,921	-	1,963,921
Vehicles	82,103	-	82,103
Office machines	128,086	-	128,086
Transmission, antenna, tower	3,280,825	418,071	3,698,896
Construction in progress	451,747	-	451,747
Right-of-use assets lease	42,530	38,782	81,312
Subscription based agreements, net	523,835	-	523,835
Accumulated depreciation	(7,855,341)	(1,634,043)	(9,489,384)
Accumulated amortization	-	(15,513)	(15,513)
Total capital assets	2,481,185	35,015	2,516,200
Noncurrent assets			
Prepaid expenses	7,436	-	7,436
Total noncurrent assets	7,436	-	7,436
Total assets	7,586,398	426,781	8,013,179
Deferred outflows of resources - pension and OPEB	516,400	63,077	579,477
	$ 8,102,798	$ 489,858	$ 8,592,656

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Combining Schedule of Net Position

June 30, 2023	KUSM	KUFM	Total
Liabilities and deferred inflows and net position			
Current liabilities			
Accounts payable and accrued expenses	$ 94,670	$ (580)	$ 94,090
Accrued payroll	79,564	-	79,564
Unearned revenue	2,376,853	24,309	2,401,162
Contract Liability - subscription based agreements, current portion	108,240	-	108,240
Current portion, compensated absences	85,346	44,403	129,749
Current portion, lease liability	11,348	-	11,348
Total current liabilities	2,756,021	68,132	2,824,153
Noncurrent liabilities			
Compensated absences, net of current portion	196,206	57,438	253,644
Contract liability - subscription based agreements net of current portion	414,928	-	414,928
Pension obligation	822,406	587,968	1,410,374
Total OPEB obligation - health benefits	162,387	(31,639)	130,748
ROU lease liability, net of current portion	29,503	-	29,503
Total noncurrent liabilities	1,625,430	613,767	2,239,197
Total liabilities	4,381,451	681,899	5,063,350
Deferred inflows of resources - pension and OPEB	461,144	62,697	523,841
Net Position			
Invested in capital assets, net of related debt	1,917,166	35,015	1,952,181
Unrestricted	1,343,037	(289,753)	1,053,284
Total net position	3,260,203	(254,738)	3,005,465
	$ 8,102,798	$ 489,858	$ 8,592,656

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Combining Schedule of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2023	KUSM	KUFM	Total
Operating revenues			
Sales and services	$ 6,175	$ 4,384	$ 10,559
Contract production	574,728	-	574,728
Broadband lease	66,308	-	66,308
Total operating revenues	647,211	4,384	651,595
Operating expenses			
Broadcasting	1,197,121	414,054	1,611,175
Programming and production	2,728,074	599,587	3,327,661
Program information and promotion	420,623	-	420,623
Management and general	753,480	55,714	809,194
Fundraising and membership development	596,152	-	596,152
Solicitation and underwriting	17,100	-	17,100
Total Operating Expenses	5,712,550	1,069,355	6,781,905
Operating income (loss)	(5,065,339)	(1,064,971)	(6,130,310)
Nonoperating revenue			
Grants from CPB	1,370,333	-	1,370,333
Grants from state agencies	88,597	-	88,597
Federal grants and contracts	-	-	-
State and local grants and contracts	-	(360)	(360)
Support from Montana University System			
Appropriations for operations	1,150,701	326,970	1,477,671
Donated and indirect	700,905	133,834	834,739
Contributions from Friends used for other operations	2,078,866	496,046	2,574,912
In-kind contributions	59,107	-	59,107
PBS royalties	1,116	-	1,116
Production underwriting	97,570	-	97,570
Program underwriting	61,732	-	61,732
Other contributions	-	266	266
Other revenue	4,579	898	5,477
Total nonoperating revenues	5,613,506	957,654	6,571,160
Other revenues, expenses, gains and losses			
Investment income	48,243	180	48,423
Total other revenues, expenses, gains and losses	48,243	180	48,423
Net change in position	596,410	(107,137)	489,273
Net position - beginning of year	2,663,793	(147,601)	2,516,192
Net position - end of year	$ 3,260,203	$ (254,738)	$ 3,005,465

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Combining Schedule of Cash Flows

For the Year Ended June 30, 2023	KUSM	KUFM	Total
Cash flows from operating activities			
Sales and services of educational activities	$ 803,548	$ 4,385	$ 807,933
Compensation and benefits	(2,885,785)	(700,923)	(3,586,708)
Other operating expenses	(1,772,365)	(256,275)	(2,028,640)
Net cash from operating activities	(3,854,602)	(952,813)	(4,807,415)
Cash flows from noncapital financing activities			
Contributions from Friends of Montana PBS	2,228,866	496,046	2,724,912
Production underwriting	133,411	-	133,411
State appropriations	1,150,701	326,970	1,477,671
Grants and contracts	1,573,500	(360)	1,573,140
Other receipts	67,427	1,164	68,591
Net cash from noncapital financing activities	5,153,905	823,820	5,977,725
Cash flows from capital and related financing activities			
Purchase of capital assets	(578,267)	-	(578,267)
Disposal of capital assets	-	-	-
Leased assets	(3,794)	-	(3,794)
Principal and interest paid on long-term debt	(1,638)	-	(1,638)
Net cash from capital and related financing activities	(583,699)	-	(583,699)
Cash flows from investing activities			
Investment income	48,243	180	48,423
Net change in cash and cash equivalents	763,847	(128,813)	635,034
Cash and cash equivalents - beginning of year	4,039,684	510,287	4,549,971
Cash and cash equivalents - end of year	$ 4,803,531	381,474	5,185,005

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Combining Schedule of Cash Flows Continued

For the Year Ended June 30, 2023		KUSM		KUFM		Total
Reconciliation of operating loss to net cash flows from operating activities						
Operating Loss	$	(5,065,339)	$	(1,064,971)		(6,130,310)
Adjustments to reconcile change in net position to net cash from operating activities						
Depreciation and amortization		249,734		9,414		259,148
Non-cash operating expenses paid directly by the University		700,905		133,834		834,739
In-kind non-cash operating expenses		59,107		-		59,107
Net pension liability and related deferred inflows and outflows		15,649		24,371		40,020
Total OPEB obligation - health benefits and related deferred inflows and outflows		(54,829)		(42,707)		(97,536)
(Increase) decrease in assets						
Accounts receivable related to operations		14,538		(9,090)		5,448
Prepaid expenses		(32,134)		-		(32,134)
Increase (decrease) in liabilities						
Accounts payable and accrued expenses		65,324		(415)		64,909
Accrued payroll		(6,497)		-		(6,497)
Compensated absences		57,141		(12,340)		44,801
Deferred commercial underwriting revenue		141,799		9,091		150,890
Totals	$	(3,854,602)	$	(952,813)	$	(4,807,415)

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Reconciliation Schedules

For the Years Ended June 30,	KUSM	KUFM	Friends of Montana PBS	2023 Total	2022 Total
Support and revenues					
Total support and revenues per statement of revenues, expenses, and changes in net position					
Operating Revenues	$ 647,211	$ 4,384	$ -	$ 651,595	$ 664,963
Nonoperating revenues	5,613,506	957,654	12,114,134	18,685,294	5,148,199
Other Revenues	48,243	180	-	48,423	3,418
Subtotal per CPB report Schedule F	6,308,960	962,218	12,114,134	19,385,312	5,816,580
Less					
Federal Support	-	-	-	-	553
Public broadcasting support	1,383,950	-	-	1,383,950	-
Friends revenue presented discretely	-	-	2,376,760	2,376,760	2,538,920
Capital funds exclusion	436,960	-	8,553,240	8,990,200	-
In-kind revenue (not NFFS)	-	-	-	-	-
Miscellaneous other items	673,848	-	510,209	1,184,057	-
Subtotal	2,494,758	-	11,440,209	13,934,967	2,539,473
Non-federal financial support per CPB report summary, Schedule A line 28	3,814,202	962,218	673,925	5,450,345	3,277,107
Expenses					
Total expenses per statement of revenues, expenses, and changes in net position	5,712,550	1,069,355	3,639,576	10,421,481	9,354,529
Less contributions from Friends of Montana PBS to Montana PBS/KUSM TV/KUFM TV	-	-	2,376,760	2,376,760	2,538,920
Operating expenses per CPB Report Summary, Schedule E, Line 8	$ 5,712,550	$ 1,069,355	$ 1,262,816	$ 8,044,721	$ 6,815,609

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Consolidating Schedule of Revenues and Expenses

For the Year Ended June 30, 2023	KUSM	KUFM	Friends of Montana PBS	Eliminations	Total	Schedule F AFR	Difference
Operating revenues							
Sales and services	$ 6,175	$ 4,384	$ -	$ -	$ 10,559		
Contract production	574,728	-	-	-	574,728		
Broadband lease	66,308	-	-	-	66,308		
Total Operating Revenues	647,211	4,384	-	-	651,595	651,595	-
Operating expenses							
Broadcasting	1,197,121	414,054	-	-	1,611,175		
Programming and production	2,728,074	599,587	-	-	3,327,661		
Program information and promotion	420,623	-	-	-	420,623		
Management and general	753,480	55,714	-	-	809,194		
Fundraising and membership development	596,152	-	-	-	596,152		
Solicitation and underwriting	17,100	-	-	-	17,100		
Friends of Montana PBS payments to stations	-	-	2,376,760	(2,376,760)	-		
Friends of Montana PBS other expenses	-	-	1,262,816	-	1,262,816		
Total operating expenses	5,712,550	1,069,355	3,639,576	(2,376,760)	8,044,721		
Operating income (loss)	$ (5,065,339)	$ (1,064,971)	$ (3,639,576)	$ 2,376,760	$ (7,393,126)		

See Independent Auditor's Report.

Montana PBS A Public Television Entity Operated by Montana University System

Consolidating Schedule of Revenues and Expenses (Continued)

For the Year Ended June 30, 2023	KUSM	KUFM	Friends of Montana PBS	Eliminations	Total	Schedule F AFR	Difference
Nonoperating revenues							
Grants from CPB	$ 1,370,333	$ -	$ -	$ -	$ 1,370,333		
Grants from state agencies	88,597	-	-	-	88,597		
Federal grants and contracts	-	-	-	-	-		
State and local grants and contracts	-	(360)	-	-	(360)		
Support from Montana University System	-	-	-	-	-		
Appropriations for operations	1,150,701	326,970	-	-	1,477,671		
Donated and indirect	700,905	133,834	-	-	834,739		
Contributions from Friends used for other operations	2,078,866	496,046	-	-	2,574,912		
In-kind contributions	59,107	-	-	-	59,107		
PBS royalties	1,116	-	-	-	1,116		
Production underwriting	97,570	-	-	-	97,570		
Program underwriting	61,732	-	-	-	61,732		
Other contributions	-	266	-	-	266		
Other revenue	4,579	898	-	-	5,477		
Friends of Montana PBS revenue excluding loss	-	-	12,183,216	(2,376,760)	9,806,456		
Friends of Montana PBS revenue loss	-	-	(68,054)	-	-		
Total nonoperating revenues	5,613,506	957,654	12,115,162	(2,376,760)	16,309,562	16,309,562	-
Other revenues, expenses, gains and losses							
Investment income	48,243	180	-	-	48,423		
Total other revenues, expenses, gains and losses	48,243	180	-	-	48,423	48,423	-
Net change in net position	596,410	(107,137)	8,475,586	-	-	-	8,964,859
Net position - beginning of year	2,663,793	(147,601)	4,768,102	(3,719,806)	-	-	3,564,488
Net position - end of year	$ 3,260,203	$ (254,738)	$ 13,243,688	$ (3,719,806)	$ -	$ -	$ 12,529,347

See Independent Auditor's Report.