

# Montana PBS

A Public Television Entity  
Operated by the Montana University System

Financial Statements and Supplementary  
Information

Years Ended June 30, 2022 and 2021

Montana  PBS



**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, 2022 and 2021, 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 as of June 30, 2022 and 2021, 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.

### ***Other Matter***

#### ***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 66-74, 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

February 13, 2023

**MONTANA PBS**  
**A PUBLIC TELECOMMUNICATIONS ENTITY**  
**OPERATED BY THE MONTANA UNIVERSITY SYSTEM**  
**Management’s Discussion and Analysis**  
**June 30, 2022 and 2021**

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**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, 2022 and 2021. 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, 2022, 2021, and 2020. This provides historical and trend information, supplemental to the audited 2022 and 2021 financial statements.

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

In FY22, the Station saw operating revenues and contributions that exceeded operating expenses for an overall financial position increase of \$673,899. When comparing to the prior year, FY22 reported revenues and operating expenses increased by \$475,298 and \$50,574 respectively. Revenue was higher in FY22 primarily due to contract production including a return to a complete athletics schedule and consequent production revenue.

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In FY21, operating revenues and contributions exceeded operating expenses for an overall financial position increase of \$249,175. When comparing to the prior year, FY21 reported revenues and operating expenses decreased by \$382,983 and \$196,426 respectively. Notable reductions in revenues lie in Contract Productions and Uplink services due to the pandemic and abbreviated athletic seasons. Other reductions resulted from deferring the use of some grant revenue until FY 22.

**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:**

	2022	2021	2020
<b>ASSETS</b>			
Total current assets	\$ 4,997,868	\$ 3,995,751	\$ 2,767,679
Capital assets, net	1,630,716	1,765,822	1,959,507
Grants receivable			727
Total other non-current assets	10,667	3,331	13,125
Total Assets	6,639,251	5,764,904	4,741,038
DEFERRED OUTFLOWS (pension and OPEB related)	628,099	745,517	266,204
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 7,267,350</b>	<b>\$ 6,510,421</b>	<b>\$ 5,007,242</b>
Total current liabilities	\$2,372,359	\$2,186,918	\$1,522,563
Total non-current liabilities	1,683,053	2,205,839	1,614,089
Total Liabilities	4,055,412	4,392,757	3,136,652
DEFERRED INFLOWS (pension and OPEB related)	695,746	308,207	310,305
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,627,630	1,724,152	1,844,327
Unrestricted	888,562	85,305	(284,042)
Total Net Position	2,516,912	1,809,457	1,560,285
<b>Total Liabilities and Net Position</b>	<b>\$ 7,267,350</b>	<b>\$ 6,510,421</b>	<b>\$5,007,242</b>

**Events or developments which occurred during FY 2022 include:**

- 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.

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- 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.

**Events or developments which occurred during FY 2021 include:**

- Current assets increased by \$1,228,072, due primarily to an increase in cash and cash equivalents of \$1,265,110 and a net decrease in accounts receivable of \$35,516.
- Net capital assets decreased by \$193,685 in FY21. Changes included \$95,179 in additions offset by \$274,134 in depreciation expense of and \$14,730 in recorded disposals.
- Total liabilities increased by \$1,256,105 in FY21, primarily driven by an increase in unearned revenue from pledges receivable and unused revenues from grants. Deferred revenues from grants are planned for use in FY22. Net pension liability and OPEB obligations for health benefits increased dramatically. The net pension liability calculated in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, increased \$380,995. 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* increased by \$194,353 in FY21. There were offsetting liability decreases in accrued payroll and long-term debt.
- Net position increased by \$249,175 in FY21 due to a \$369,350 increase in unrestricted net position and offsetting decreases 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-

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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:**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Operating revenue	664,963	453,104	557,182
Operating expenses	6,235,562	6,249,881	6,429,821
Operating gain/(loss)	(5,570,599)	(5,796,777)	(5,872,639)
Non-operating revenue	6,273,916	6,024,434	6,286,853
Capital contributions and other items	3,418	21,518	6,540
<b>Increase/(decrease) in Net Position</b>	<b>673,899</b>	<b>249,175</b>	<b>420,754</b>
Net position, beginning of year as previously reported	1,809,457	1,560,285	1,139,531
Net position, beginning of year OPEB restatement			
<b>Net Position, end of year</b>	<b>2,516,192</b>	<b>1,809,460</b>	<b>1,560,285</b>

**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 decreased by \$14,319, which is less than 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 increased in FY22 by \$249,482 or 4%. 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.

**Events or developments which occurred during 2021 include:**

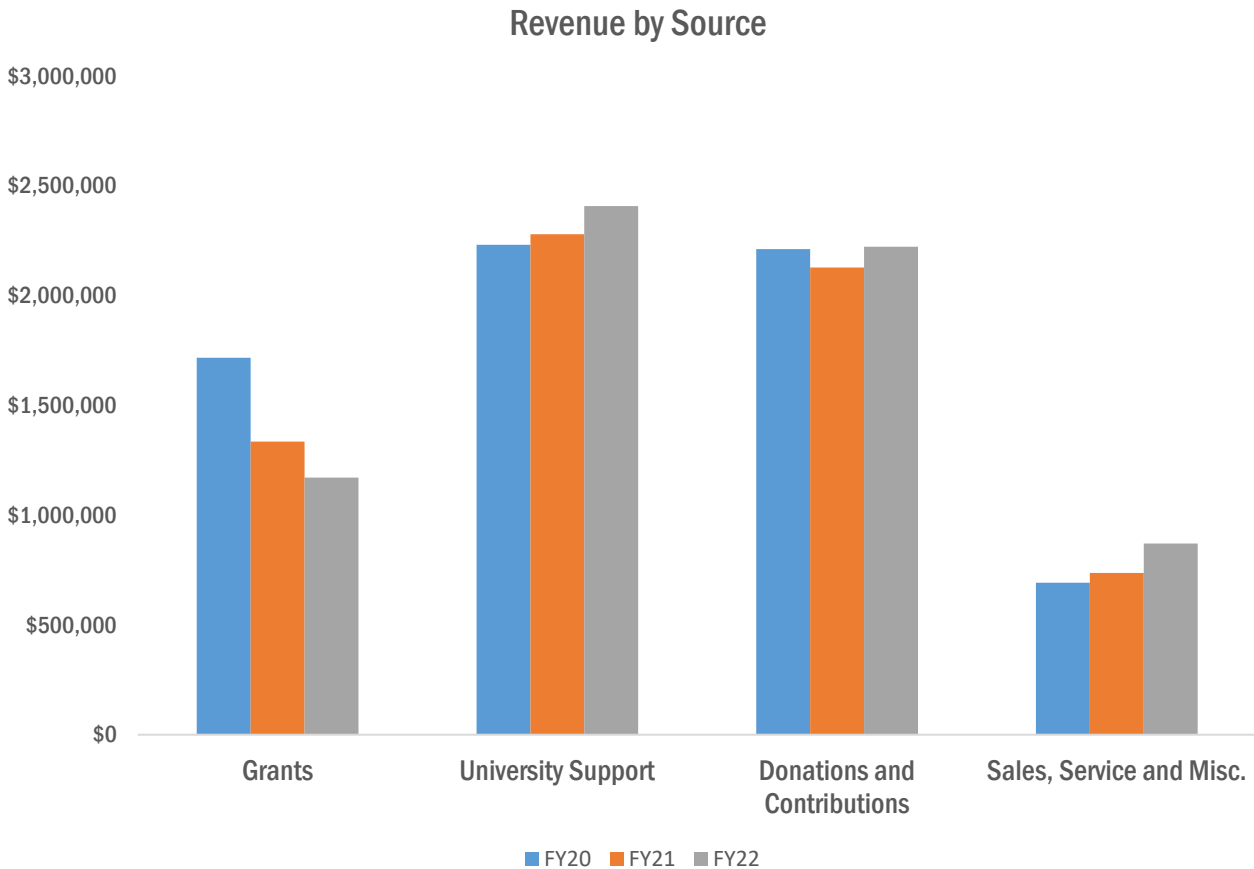
- Operating revenues decreased by \$104,078. This decrease is largely attributable to substantially reduced contract production revenues. As projected, the pandemic caused abbreviated sports seasons with minimal contracted services for athletics compared to the prior year. FY22 revenue from athletics production services contracts will be restored to pre-pandemic levels.



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- Operating expenses decreased by \$196,426, or 3%. Especially in the first half of FY21, due to pandemic restrictions and guidelines, continued reductions in travel, educational outreach, contract productions, and fund-raising activities resulted in less costs. As pandemic impacts faded, many of these activities across the organization partially resumed in the second half of FY21.
- As reported, Non-operating revenue decreased in FY21 by \$278,905, or 4.4%. Notable changes include a \$371,505 net decrease in reported grant revenues. However, much of this reported decrease results from significant amounts of grant revenue being deferred for use in FY22. Deferred production underwriting revenue from FY20 caused an offsetting increase of \$112,149 for FY21 underwriting revenue.
- 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 2022, 2021 and 2020.**

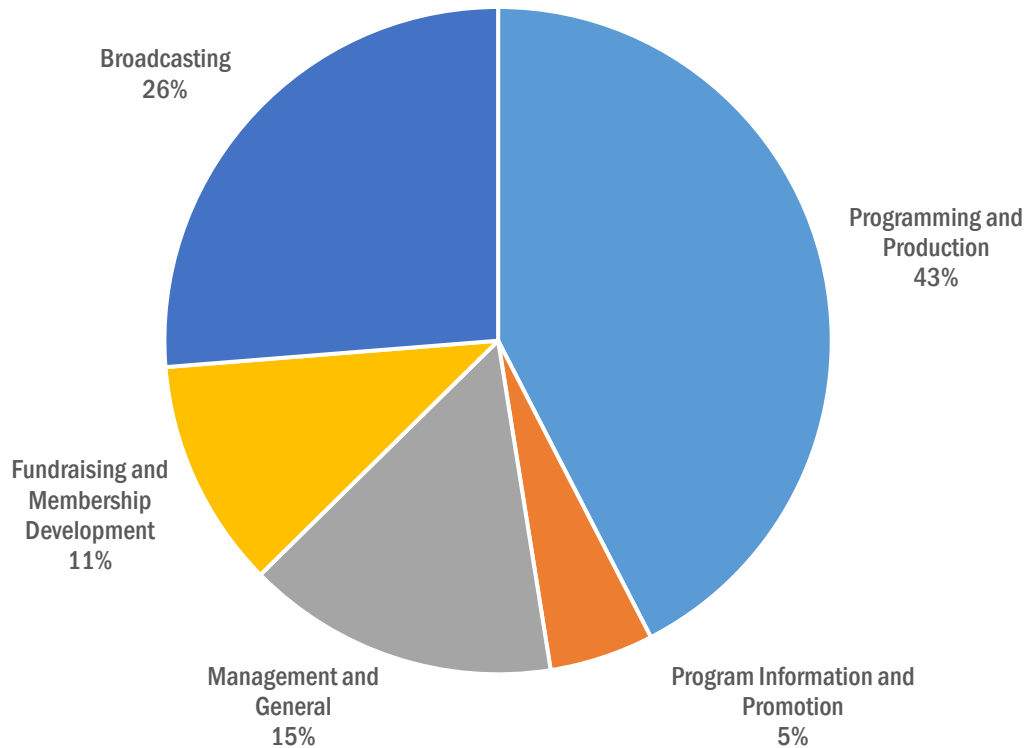


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**This chart illustrates expenses by function for FY 2022.**

**FY22 Expense by Function**



**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.

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>
CASH PROVIDED BY (USED IN)			
Operating activities	\$(4,477,559)	\$(4,645,296)	\$(4,678,068)
Noncapital financing activities	5,287,192	6,042,847	6,084,282
Capital and related financing activities	(178,883)	(154,421)	(426,201)
Investing activities	3,418	21,980	7,211
<b>Net change in cash and cash equivalents</b>	<b>634,168</b>	<b>1,265,110</b>	<b>987,224</b>
Cash and cash equivalents – beginning of year	3,915,803	2,650,693	1,663,469
<b>Cash and cash equivalents – end of year</b>	<b>\$4,549,971</b>	<b>\$ 3,915,803</b>	<b>\$ 2,650,693</b>

**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 \$762,535.
- 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.

**Events or developments which occurred during 2021 include:**

- Net Change in cash and cash equivalents totaled \$1,265,110 in FY21, which is an increase of \$277,886 compared to the prior year. This net increase is the result of multiple factors. Donations from Friends of Montana PBS and production underwriting increased \$360,015. Grants and contracts revenue decreased \$434,873, while capital expenditures combined with operating and compensation costs decreased \$373,700.
- Significant noncash expenses in operating activities include depreciation expense of \$274,134 and indirect university support of \$833,631. Accrued payroll is \$117,483 and total OPEB obligation for health benefits is \$248,713.
- In FY21, cash flows from noncapital financing activities totals \$6,042,847 as compared to \$6,084,282 in FY20. This total consists primarily of contributions from Friends of Montana PBS of \$2,588,365, state appropriations of \$1,428,753, and grants and contracts of \$1,682,090.

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## **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.

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- 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,	2022	2021
Assets and Deferred Outflows		
Current assets		
Cash and cash equivalents	\$ 4,549,971	\$ 3,915,803
Accounts receivable	386,970	19,021
Prepaid Expenses	60,927	60,927
Total Current Assets	4,997,868	3,995,751
Capital assets, net of accumulated depreciation - Note 3	1,630,716	1,765,822
Noncurrent assets		
Prepaid expenses	10,667	3,331
Total noncurrent assets	10,667	3,331
Total assets	6,639,251	5,764,904
Deferred outflows of resources - pension and OPEB	628,099	745,517
	\$ 7,267,350	\$ 6,510,421
Liabilities, Deferred Inflows and Net Position		
Current liabilities		
Accounts payable and accrued expenses	\$ 29,181	\$ 8,596
Accrued payroll	86,061	70,196
Unearned revenue	2,123,137	1,866,663
Current portion, compensated absences	132,342	202,879
Current portion, long-term debt	-	36,487
Current portion, lease	1,638	2,097
Total current liabilities	2,372,359	2,186,918
Noncurrent liabilities		
Compensated absences, net of current portion	206,250	201,602
Lease, net of current portion	1,448	3,086
Pension obligation	1,210,906	1,628,964
Total OPEB obligation - health benefits	264,449	372,187
Total noncurrent liabilities	1,683,053	2,205,839
Total liabilities	4,055,412	4,392,757
Deferred inflows of resources - pension and OPEB	695,746	308,207
Net Position		
Invested in capital assets, net of related debt	1,627,630	1,724,152
Unrestricted	888,562	85,305
Total net position	2,516,192	1,809,457
	\$ 7,267,350	\$ 6,510,421

See accompanying notes to financial statements.

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

<i>June 30,</i>	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,837,166	\$ 769,354
Pledges receivable, net of allowance	875,670	502,586
Premium inventory	8,277	4,859
Prepaid expenses	18,396	25,255
<b>Total current assets</b>	<b>2,739,509</b>	<b>1,302,054</b>
<b>Investments</b>	<b>3,847,165</b>	<b>3,466,656</b>
<b>Total assets</b>	<b>\$ 6,586,674</b>	<b>\$ 4,768,710</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ -	\$ 3,689
Due to affiliates	-	1,919
Grant payable - current	150,000	-
<b>Total current liabilities</b>	<b>150,000</b>	<b>5,608</b>
<b>Non-current liabilities</b>		
Grant payable, non-current	150,000	-
<b>Total liabilities</b>	<b>300,000</b>	<b>5,608</b>
<b>Net assets</b>		
Without donor restrictions	1,574,986	1,931,501
With donor restrictions	4,711,688	2,831,601
<b>Total net assets</b>	<b>6,286,674</b>	<b>4,763,102</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,586,674</b>	<b>\$ 4,768,710</b>

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

<i>For the Years Ended June 30,</i>	2022	2021
Operating revenues		
Sales and services	\$ 22,943	\$ 23,314
Contract production	577,531	367,025
Broadband lease	64,489	62,765
<b>Total operating revenues</b>	<b>664,963</b>	<b>453,104</b>
Operating expenses		
Broadcasting	1,632,079	1,822,138
Programming and production	2,642,529	2,261,275
Program information and promotion	340,379	409,332
Management and general	915,544	989,199
Fundraising and membership development	682,889	743,370
Solicitation and underwriting	22,142	24,567
<b>Total operating expenses</b>	<b>6,235,562</b>	<b>6,249,881</b>
<b>Operating loss</b>	<b>(5,570,599)</b>	<b>(5,796,777)</b>
Nonoperating revenues		
Grants from CPB	1,095,856	1,198,605
Grants from PBS	-	16,780
Grants from state agencies	67,319	93,813
Federal grants and contracts	553	7,804
State and local grants and contracts	7,182	18,064
Support from Montana University System		
Appropriations for operations	1,487,942	1,428,753
Donated and indirect	886,994	850,117
Contributions from Friends used for other operations	2,492,122	2,114,103
In-kind contributions	30,084	12,902
PBS royalties	5,233	59,675
Production underwriting	154,385	178,592
Program underwriting	47,865	56,591
Other contributions	-	255
Other revenue, net	(1,619)	(11,620)
<b>Total nonoperating revenues</b>	<b>6,273,916</b>	<b>6,024,434</b>
Other revenues, expenses, gains and losses		
Interest Expense	-	(462)
Investment income, net	3,418	21,980
<b>Total other revenues, expenses, gains and losses</b>	<b>3,418</b>	<b>21,518</b>
<b>Change in net position</b>	<b>706,735</b>	<b>249,175</b>
<b>Net position - beginning of year</b>	<b>1,809,457</b>	<b>1,560,282</b>
<b>Net position - end of year</b>	<b>\$ 2,516,192</b>	<b>\$ 1,809,457</b>

See accompanying notes to financial statements.



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

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue and support</b>			
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)	-
<b>Total revenue and support</b>	<b>2,762,452</b>	<b>1,880,087</b>	<b>4,642,539</b>
<b>Expenses</b>			
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
<b>Total program services</b>	<b>2,629,514</b>	<b>-</b>	<b>2,629,514</b>
<b>Fundraising</b>			
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
<b>Total fundraising</b>	<b>330,606</b>	<b>-</b>	<b>330,606</b>
<b>Management and administrative</b>			
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
<b>Total management and administration</b>	<b>158,847</b>	<b>-</b>	<b>158,847</b>
<b>Total operating expenses</b>	<b>3,118,967</b>	<b>-</b>	<b>3,118,967</b>
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
<b>Net assets - end of year</b>	<b>\$ 1,574,986</b>	<b>\$ 4,711,688</b>	<b>\$ 6,286,674</b>

See accompanying notes to financial statements.

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

<i>Year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue and support</b>			
Donations	\$ 1,368,665	\$ 699,475	\$ 2,068,140
Membership dues	982,005	-	982,005
Net investment loss	270,531	-	270,531
Satisfaction of program restrictions	592,429	(592,429)	-
<b>Total revenue and support</b>	<b>3,213,630</b>	<b>107,046</b>	<b>3,320,676</b>
<b>Expenses</b>			
Program services - payments to affiliates			
KUSM television per contract	1,596,918	-	1,596,918
KUFM television per contract	399,229	-	399,229
KUSM television programming support	182,085	-	182,085
KUFM television programming support	25,000	-	25,000
Other program services			
Program guide costs	87,570	-	87,570
<b>Total program services</b>	<b>2,290,802</b>	<b>-</b>	<b>2,290,802</b>
<b>Fundraising</b>			
Credit card and bank fees	57,990	-	57,990
Pledge drive premiums and support	109,882	-	109,882
Postage and direct mail preparation	155,792	-	155,792
Promotion and promotional premiums	24,725	-	24,725
Special events	6,963	-	6,963
<b>Total fundraising</b>	<b>355,352</b>	<b>-</b>	<b>355,352</b>
<b>Management and administrative</b>			
Accounting and bookkeeping services	14,628	-	14,628
Insurance	1,486	-	1,486
Miscellaneous	8,038	-	8,038
<b>Total management and administration</b>	<b>24,152</b>	<b>-</b>	<b>24,152</b>
<b>Total operating expenses</b>	<b>2,670,306</b>	<b>-</b>	<b>2,670,306</b>
Change in net assets	543,324	107,046	650,370
Net assets - beginning of year	1,388,177	2,724,555	4,112,732
<b>Net assets - end of year</b>	<b>\$ 1,931,501</b>	<b>\$ 2,831,601</b>	<b>\$ 4,763,102</b>

See accompanying notes to financial statements.

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

## Statements of Cash Flows

<i>For the Years Ended June 30,</i>	2022	2021
Cash flows from operating activities		
Sales and services of educational activities	\$ 623,133	\$ 461,752
Compensation and benefits	(3,102,959)	(3,168,530)
Other operating expenses	(1,997,733)	(1,938,518)
<b>Net cash from operating activities</b>	<b>(4,477,559)</b>	<b>(4,645,296)</b>
Cash flows from noncapital financing activities		
Contributions from Friends of Montana PBS	2,192,122	2,588,365
Production underwriting	43,299	230,448
State appropriations	1,487,942	1,428,753
Grants and contracts	1,512,350	1,682,090
Other receipts	51,479	113,191
<b>Net cash from noncapital financing activities</b>	<b>5,287,192</b>	<b>6,042,847</b>
Cash flows from capital and related financing activities		
Purchase of capital assets	(106,065)	(95,179)
Disposal of capital assets	4,549	14,730
Leased assets	(38,783)	-
Principal and interest paid on long-term debt	(38,584)	(73,972)
<b>Net cash from capital and related financing activities</b>	<b>(178,883)</b>	<b>(154,421)</b>
Cash flows from investing activities		
Investment income	3,418	21,980
<b>Net change in cash and cash equivalents</b>	<b>634,168</b>	<b>1,265,110</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>3,915,803</b>	<b>2,650,693</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 4,549,971</b>	<b>\$ 3,915,803</b>

See accompanying notes to financial statements.

**Montana PBS A Public Television Entity Operated by  
Montana University System**  
Statements of Cash Flows (Continued)

<i>For the Years Ended June 30,</i>	2022	2021
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (5,570,599)	\$ (5,796,777)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	275,405	274,134
Non-cash operating expenses paid directly by the university	886,994	850,117
In-kind non-cash operating activities	30,084	4,612
Net pension liability and related deferred inflows and outflows	7,772	(154,776)
Total OPEB obligation - health benefits and related deferred inflows and outflows	(28,615)	248,713
(Increase) decrease in assets		
Accounts receivable related to operations	(30,245)	9,392
Prepaid expenses	(7,333)	12,400
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	20,587	(14,344)
Accrued payroll	15,865	(117,483)
Compensated absences	(65,889)	39,460
Deferred commercial underwriting revenue	(11,585)	(744)
<b>Net cash flows from operating activities</b>	<b>\$ (4,477,559)</b>	<b>\$ (4,645,296)</b>

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**

<i>For the Years Ended June 30,</i>	2022	2021
Cash flows from operating activities		
Receipts from donors	\$ 2,142,886	\$ 1,951,326
Receipts from membership dues	1,324,400	982,005
Net investment loss	(31,459)	(10,283)
Other cash receipts	14,145	-
Payments to vendors	(2,821,134)	(2,802,639)
<b>Net cash from operating activities</b>	<b>628,838</b>	<b>120,409</b>
Cash flows from investing activities		
Purchases of certificates of deposits	(290,000)	(845,000)
Redemptions of certificates of deposits	1,822,923	915,776
Purchases of investments	(1,471,967)	(86,531)
Proceeds from sale of investments	378,018	137,639
<b>Net cash from investing activities</b>	<b>438,974</b>	<b>121,884</b>
Net change in cash and cash equivalents	1,067,812	242,293
Cash and cash equivalents - beginning of year	769,354	527,061
Cash and cash equivalents - end of year	1,837,166	769,354
Reconciliation of operating income to net cash flows from operating activities		
Change in net assets	1,523,572	650,370
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net (gain) loss on investments	396,281	(280,814)
Donated securities	(1,215,764)	(22,852)
Changes in operating assets and liabilities:		
Pledges receivable, net	(373,084)	(93,962)
Prepaid expenses	(3,418)	1,549
Premium inventory	6,859	(3,026)
Accounts payable	(3,689)	3,689
Due to affiliates	(1,919)	(134,545)
Grants payable	300,000	-
<b>Net cash flows from operating activities</b>	<b>628,838</b>	<b>120,409</b>
Noncash investing and financing activities		
Donated stock, restricted for building expansion	\$ 1,215,764	\$ 22,852

See accompanying notes to financial statements.

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

## Notes to Financial Statements

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### 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, 2022 and 2021, 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).

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

## Notes to Financial Statements

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### **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.

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

## Notes to Financial Statements

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### **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.



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

## Notes to Financial Statements

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### 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, 2022, and 2021, 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.

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

## Notes to Financial Statements

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### **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, 2022, and 2021, the Stations have recorded unearned revenue related to these grants and contracts in the amount of \$2,123,137 and \$1,866,665, 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.

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

## Notes to Financial Statements

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### **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, 2022 and 2021. 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, 2022 and 2021.

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

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Reclassification**

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

#### **Subsequent Events**

The Stations have evaluated events and transactions for potential recognition or disclosure in the financial statements through February 13, 2023, which is the date the financial statements were available to be issued.

#### **New Accounting Pronouncements**

In May 2020, the GASB issued GASB Statement number 96, *Subscription-Based Information Technology Arrangements* (SBITA). This statement improves financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and reporting for SBITA transactions. The statement will enhance the relevance and reliability of the District's financial statements by requiring the District to report a subscription asset and subscription liability for SBITAs and disclose essential information about the arrangements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023, and are to be applied retroactively.

In March 2020, GASB issued Pronouncement No. 94, *Public-Private Partnerships and Availability Payment Arrangements* which is aimed at improving financial reporting for transactions surrounding these arrangements. Statement No. 94 will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to Public-Private Partnerships consistently and to discuss important information about these transactions.

#### **Recently Adopted Accounting Pronouncement**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The statement enhances the relevance and consistency of reporting for the University'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 University adopted the guidance retroactively for the year ended September 30, 2022. The adoption of this guidance did not affect beginning net position for the year ended September 30, 2022 and, accordingly, restatement of beginning net position was not necessary.

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

## Notes to Financial Statements

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### 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, 3<sup>rd</sup> 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, 2022 and 2021 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, 2022, were as follows:

	Beginning Balance	Additions	Disposals	Transfers	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)
<b>Total</b>	<b>\$ 1,765,822</b>	<b>\$ (130,558)</b>	<b>\$ (4,548)</b>	<b>\$ -</b>	<b>\$ 1,630,716</b>

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

## Notes to Financial Statements

### Note 3: Capital and Lease Assets (Continued)

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Studio and broadcast equipment	\$ 5,128,707	\$ -	\$ (50,742)	\$ -	\$ 5,077,965
Production equipment	1,884,242	95,179	(37,550)	-	1,941,871
Vehicles	82,103	-	-	-	82,103
Office machines	22,025	-	-	-	22,025
Transmission, antenna, & tower	3,838,228	-	(215,848)	-	3,622,380
Accumulated depreciation	(8,995,798)	(274,134)	289,410	-	(8,980,522)
<b>Total</b>	<b>\$ 1,959,507</b>	<b>\$ (178,955)</b>	<b>\$ (14,730)</b>	<b>\$ -</b>	<b>\$ 1,765,822</b>

### Note 4: Long Term Liabilities

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	-	60,506	311,681	-
<b>Total</b>	<b>\$ 2,447,302</b>	<b>\$ -</b>	<b>\$ 583,037</b>	<b>\$ 1,864,265</b>	<b>\$ 133,980</b>

The following is a summary of the changes in noncurrent liabilities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due in One Year
Compensated absences	\$ 365,021	\$ 39,460	\$ -	\$ 404,481	\$ 202,879
Long-term debt	106,955	-	70,468	36,487	36,487
Leases	8,225	-	3,042	5,183	2,097
Net pension liability	1,247,969	380,995	-	1,628,964	-
Total OPEB - health benefits	177,834	194,353	-	372,187	-
<b>Total</b>	<b>\$ 1,906,004</b>	<b>\$ 614,808</b>	<b>\$ 73,510</b>	<b>\$ 2,447,302</b>	<b>\$ 241,463</b>

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

## Notes to Financial Statements

### Note 4: Long Term Liabilities (Continued)

*Capital Leases.* During fiscal year 2019, KUSM TV entered into capital lease agreements for copiers. Under the term of the lease agreements, KUSM TV has the right to purchase the copiers at the end of their respective 60-month lease terms. Copiers are carried at a cost of \$14,726 less accumulated depreciation of \$10,177 as of June 30, 2022.

The future minimum commitments consists of the following at June 30, 2022:

	Principal and Interest
2023	\$ 1,790
2024	1,492
Total payments	3,282
Less amount representing interest	(196)
Total	\$ 3,086

*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%. As of June 30, 2022, the amount KUSM has drawn on the loan is in the amount of \$300,000. During FY22, remaining loan balance was paid in full. Thus, the outstanding principal balance at June 30, 2022 and 2021 was in the amount of \$0 and \$36,487, respectively.

### Note 5: Operating Agreements

**LICENSEE OPERATING AGREEMENT:** Montana PBS had the following operating agreement in effect as of June 30, 2022, and 2021:

*Satellite Transponder Agreement.* During the year ended June 30, 2004, Montana State University, on behalf of Montana PBS, entered into a contract with Public Broadcasting Service for a licensing agreement. The agreement had monthly payments of \$9,425 and expired in September 2021.

Accounting activity, including amortization of prepaid rent, for the year ended June 30, 2021 for the Satellite transponder agreement was \$113,100.

**LICENSOR OPERATING AGREEMENTS:** Montana PBS had the following operating agreements in effect as of June 30, 2022 and 2021 in which Montana PBS is considered the licensor:

*Education Broadband Rights.* During the fiscal year ended June 30, 2008, Montana State University, on behalf of Montana PBS, entered into a 30-year agreement with Digital Bridge Spectrum Corporation to operate two Educational Broadband Services (EBS) in the Bozeman market. In February 2010, KUSM entered into a second agreement to operate one EBS in the Great Falls market. At the beginning of fiscal year 2013, these operating agreements were transferred to SpeedConnect with the same terms.

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

## Notes to Financial Statements

### Note 5: Operating Agreements (Continued)

The following is a schedule of the future minimum royalties to be received under these agreements:

<i>Years Ended June 30,</i>			
2023	\$		65,617
2024			67,452
2025			69,332
2026			71,260
2027			73,246
Thereafter			959,898
<b>Total</b>		<b>\$</b>	<b>1,306,805</b>

### Note 6: 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:

	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

	2021		
	TRS	PERS	Total
Net Pension Liability	\$ 64,039	\$ 1,564,926	\$ 1,628,965
Deferred Outflows of Resources	112,700	343,029	455,729
Deferred Inflows of Resources	74	97,881	97,955
Pension Expense (including state share paid on behalf of the Station).	84,919	316,955	401,874



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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

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.

The amounts contributed to the plans during the year ended June 30, 2022 were equal to the required contributions for the year:

	Defined Benefit		Defined Contribution	
	PERS	TRS	MUS-RP	
KUSM TV	\$ 58,780	\$ 50,065	\$ 57,813	
KUFM TV	34,022	-	-	

### TRS

**TRS Plan Description-** TRS 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, 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](http://trs.mt.gov).

**TRS Eligibility for Participation-** Membership in TRS is mandatory for all K-12 public educators, except for persons teaching fewer than thirty days in each fiscal year. A University faculty member who is already an active, inactive or retired member of TRS, if hired into a position that was previously covered by TRS, may have a choice to remain in TRS or transfer to the . University employees not already members of TRS, or that are members of TRS but are hired into a position that was not previously covered by TRS, will become members of the MUS-RP.

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

**TRS 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 -  $1.85\% \times \text{AFC} \times \text{years of creditable service}$  - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than  $1.6667 \times \text{AFC} \times \text{years of creditable service}$ )

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 1<sup>st</sup>. For Tier Two members, the GABA is a variable rate between 0.50% and 1.50% 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.

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

## Notes to Financial Statements

### Note 6: Pension Plans (Continued)

The Station's net pension liability related to TRS was as follows for the years ended June 30:

	2022	2021	Percent of Collective NPL at June 30, 2021	Percent of Collective NPL at June 30, 2020	Increase (Decrease) in Percent of Collective NPL
Station's Proportionate Share State of Montana	\$ 41,211	\$ 64,039	-	-	-
Proportionate Share associated with Montana PBS	12,714	20,880	-	-	-
<b>Total</b>	<b>\$ 53,925</b>	<b>\$ 84,919</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>

The NPL was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of TRS' participating employers.

**TRS Changes between the measurement date and reporting date** - The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the last actuarial experience study, dated May 3, 2018.

#### TRS Pension Expense

The Station's pension expense related to TRS was as follows for the years ended June 30,

	2022	2021
Station expense	\$ 52,686	\$ 82,152
State of Montana Proportionate Share associated with Montana PBS	1,239	2,767
<b>Total</b>	<b>\$ 53,925</b>	<b>\$ 84,919</b>

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

## Notes to Financial Statements

### Note 6: Pension Plans (Continued)

#### TRS Deferred Inflows and Outflows

The Station's share of deferred outflows of resources and deferred inflows of resources related to TRS was as follows:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 647	\$ -	\$ 844	\$ -
Changes in actuarial assumptions	4,693	21	4,560	20
Difference between projected and actual investment earnings	-	13,022	6,099	-
Changes in proportion differences between employer contributions and proportionate share of contributions	51,498	-	50,848	54
Contributions paid to TRS subsequent to the measurement date	50,003	-	50,349	-
<b>Total</b>	<b>\$ 106,841</b>	<b>\$ 13,043</b>	<b>\$ 112,700</b>	<b>\$ 74</b>

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, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense during the year ending June 30:

	Net Amount to be Recognized as an Increase or (Decrease) to Pension Expense
2023	\$ 28,186
2024	16,471
2025	3,269
2026	\$ (4,132)

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

**TRS Overview of Contributions** - TRS 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. TRS receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. TRS also receives 0.11% of reportable compensation from the State's general fund for State and University employers. Finally, the State is also required to contribute \$25 million annually to TRS in perpetuity, payable on July 1st of each year.

**TRS Actuarial Assumptions** - The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 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\* 3.25% -7.76%
- Investment Return 7.06%
- Price Inflation 2.40%
- Postretirement Benefit Increases
  - Tier One Members: If the retiree has received benefits for 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 0.5% 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%. (starting three years after retirement)
- 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 for Males, set back three years, with mortality improvements projected by Scale BB to 2022.
  - For Females: RP 2000 Disabled Mortality Table for Females, set forward two years, with mortality improvements projected by Scale BB to 2022.

\*Total Wage Increases include 3.25% general wage increase assumption.

**TRS Discount Rate** - The discount rate used to measure the total pension liability was 7.06%. 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 TRS payable July 1 of each year. Based on those assumptions, the TRS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. 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.

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

## Notes to Financial Statements

### Note 6: Pension Plans (Continued)

#### TRS Target Allocations

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis
Broad US Equity	30.00 %	5.90 %
Broad 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 capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Services, LLC, yield a median real return rate of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

#### TRS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	Assuming 1% Decrease (6.06%)	At Current Discount Rate (7.06%)	Assuming 1.0% Increase (8.06%)
Station proportion of Net Pension Liability	\$ 61,232	\$ 41,211	\$ 24,504

**TRS Summary of Significant Accounting Policies** - TRS 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 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>.

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

#### Public Employees' Retirement System (PERS)

##### PERS 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 covers the State, local governments, certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

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. Member rights are vested after five years of service.

##### PERS Eligibility for Participation

All new members in covered positions (generally all University classified employees which excludes faculty and professional staff) are defaulted to 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 members of both the defined contribution and defined benefit retirement plans. All new members from the University also have a third option to join the Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions is used to pay down the liability of the PERS-DBRP. A new employee of the University who is already an active or inactive member of one of the PERS Plans may remain in the current retirement option or transfer to the MUS-RP. Written election to move to the MUS-RP must be done within 30 days of becoming eligible to participate, or employees default to their existing retirement plan.

##### PERS Summary of Benefits

###### 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, actuarially reduced:

Hired prior to July 1, 2011: Age 50, 5 years of membership service;  
Any age under age 60, 25 years of membership service.

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

#### 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 retired 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 0.22% effective July 1, 2021);
  - 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.

#### Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 - HAC during any consecutive 36 months.
- Hired on or after July 1, 2011 - HAC 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.

#### PERS 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.

#### PERS 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 other adjustments to the member's benefit.



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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

- 3% for members hired prior to July 1, 2007.
- 1.5% for members hired July 1, 2007 through June 30, 2013.
- Members hired on or after July 1, 2013:
  - 1.5% for each year 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.

#### PERS Net Pension Liability –

As defined by GASB Statement 68, PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the employers. Due to the existence of this special funding situation, local governments and school districts are 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. This arrangement does not apply to the Station, so a state share of pension liability is not reported.

The State of Montana also has a funding arrangement that is not considered a special funding situation whereby the State General Fund provides contributions from the Coal Severance Tax and interest. All employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer.

The Station’s net pension liability related to PERS was as follows for the years ended June 30,

	2022	2021	Percent of Collective NPL at June 30, 2022	Percent of Collective NPL at June 30, 2021	Increase (Decrease) in Percent of Collective NPL
State of Montana Proportionate Share associated with Montana PBS	\$ 1,169,695	\$ 1,564,926	-	-	-
<b>Total</b>	<b>\$ 1,169,695</b>	<b>\$ 1,564,926</b>	<b>-</b>	<b>-</b>	<b>-</b>

The NPL was measured as of June 30, 2022, was determined based on the Total Pension Liability (TPL) using the actuarial valuation at June 30, 2020, with update procedures to roll forward the TPL to June 30, 2021. 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 Station’s proportion of the NPL was based on the Station’s contributions received by PERS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERS’ participating employers.

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

## Notes to Financial Statements

### Note 6: Pension Plans (Continued)

#### PERS Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL

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

#### PERS Changes Between the Measurement Date and the Reporting Date

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

#### PERS Pension Expense

The Station's pension expense related to PERS was as follows for the years ended June 30,

	2022	2021
Station expense	\$ 80,203	\$ 251,700
State of Montana Proportionate Share associated with Montana PBS	84,215	65,255
<b>Total</b>	<b>\$ 164,418</b>	<b>\$ 316,955</b>

#### PERS Deferred Inflows and Outflows

The Station share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 11,394	\$ 7,505	\$ 24,024	\$ 56,028
Changes in actuarial assumptions	-	419,993	103,057	-
Difference between projected and actual investment earnings	158,142	-	128,871	-
Changes in proportion differences between employer contributions and proportionate share of contributions	22,136	-	-	41,853
Contributions paid to PERS subsequent to the measurement date	93,875	-	87,077	-
<b>Total</b>	<b>\$ 285,547</b>	<b>\$ 427,498</b>	<b>\$ 343,029</b>	<b>\$ 97,881</b>

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

\*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, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense during the year ending June 30:

	Net Amount to be Recognized as an Increase or (Decrease) to Pension Expense
2023	\$ 23,658
2024	(29,513)
2025	(101,228)
2026	\$ (133,794)

#### PERS Overview of Contributions -

Rates are specified by state law for periodic employer and employee contributions. The State legislature has the authority to establish and amend contribution rates to the plan.

#### PERS Member Contributions -

Plan members are required to contribute 7.90% of members' compensation. Contributions are deducted from each member's salary and remitted by participating employers.

The 7.90% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which 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 rates.

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

#### PERS Employer contributions

- State and University employers are required to contribute 8.97% of members' compensation.
- Local government entities are required to contribution 8.87% of members' compensation.
- School district employers contributed 8.60% of members' compensation.
- Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP were allocated to the defined benefit plan's Plan Choice Rate (PCR) unfunded liability. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

#### PERS Non Employer Contributions

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.

**PERS Stand-Alone Statements** - The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154.

CAFR information including stand alone financial statements can be found at <https://mpera.mt.gov/about/annualreports1/annualreports>

Actuarial valuation and experience studies can be found at <http://mpera.mt.gov/>

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

#### PERS Actuarial Assumptions-

The Total Pension Liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

- General Wage Growth\* 3.50%
  - \*includes Inflation at 2.40%
- Merit Increases 0% to 4.80%
- Investment Return 7.06%
- Administration expense as a % of payroll .28%
- Guaranteed Annual Benefit Adjustment (GABA) each January.
- After the member has completed 12 full months of retirement, inclusive of all other adjustments to the member's benefit.
- Postretirement Benefit Increases
  - 3% for members hired prior to July 1, 2007.
  - 1.5% for members hired between July 1, 2007 and June 30, 2013.
  - Members hired on or after July 1, 2013:
    - 1.5% for each year 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.
- Mortality assumptions for contributing members, service retired members and beneficiaries based on RP 2020 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back one year.
- Mortality assumptions among Disabled Retirees are based on RP 2020 Combined Mortality Tables with no projections.

#### PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.06%. 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. The State contributes 0.1% of salaries paid by local governments and 0.37% paid by school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS 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 Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

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

## Notes to Financial Statements

### Note 6: Pension Plans (Continued)

#### PERS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	3.00 %	-0.33 %
Domestic Equity	30.00 %	5.90 %
Foreign Equity	17.00 %	7.14 %
Private Investments	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 %
	100.00 %	
Inflation		
Expected Return Expectation		

The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2021, are summarized in the above table.

#### PERS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.06%)	Current Discount Rate (7.06%)	1.0% Increase (8.06%)
Station's Proportionate Share	\$ 1,786,741	\$ 1,169,695	\$ 523,477

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

## Notes to Financial Statements

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### Note 6: Pension Plans (Continued)

**PERS Summary of Significant Accounting Policies** - The Montana Public Employee Retirement Administration (MPERA) 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 and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, 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 when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

#### MUS RP

##### Montana University System Retirement Program (MSU-RP)

The MUS-RP is a defined contribution plan, established in 1988 under authority of Title 19, Chapter 21, MCA and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/employer contributions, and remits monies to TIAA. Combined contributions cannot exceed 13% of the participants' compensation (MCA §19-21-203). Individuals are immediately vested with contributions. Annual reports that include financial statements and required supplemental information on the plan are available from TIAA, 730 Third Avenue, New York, New York 10017-3206, Phone 1-800-842-2733.

### Note 7: 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:

	2022	2021
Total OPEB Liability	\$ 264,449	\$ 372,187
Deferred OPEB Outflows of Resources	235,711	289,788
Deferred OPEB Inflows of Resources	255,205	210,252
OPEB expense	30,957	18,124

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

## Notes to Financial Statements

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### **Note 7: Other Postemployment Benefits** (Continued)

**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, 2022. 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.



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

## Notes to Financial Statements

### Note 7: Other Postemployment Benefits (Continued)

**Proportionate share of collective total OPEB liability:**

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

	2022	2021	Percent of Collective OPEB at June 30, 2022	Percent of Collective OPEB at June 30, 2021
State of Montana Proportionate Share associated with Montana PBS	\$ 264,449	\$ 372,187	-	-
<b>Total</b>	<b>\$ 264,449</b>	<b>\$ 372,187</b>	<b>- %</b>	<b>- %</b>

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -	\$ -	172,829
Changes in actuarial assumptions or other inputs	286,257	308,744	321,022	69,568
Prior period amortization	(27,852)	(28,722)	(5,787)	(12,979)
FY21 amortization	(22,694)	(24,817)	(25,447)	(19,166)
<b>Total</b>	<b>\$ 235,711</b>	<b>\$ 255,205</b>	<b>\$ 289,788</b>	<b>\$ 210,252</b>

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:

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

## Notes to Financial Statements

### Note 7: Other Postemployment Benefits (Continued)

	Net Amount to be Recognized as an Increase or (Decrease) to OPEB Expense
2023	\$ (22,183)
2024	(22,183)
2025	(22,183)
2026	(22,183)
2027	(22,183)
Thereafter	(119,519)
Total	\$ (230,434)

#### 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.

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

## Notes to Financial Statements

### Note 7: 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	3.31%
After Medicare eligibility	\$	4,416	5,205		
Actuarial valuation date	December 31, 2020			Projected payroll increases	2.5
Actuarial measurement date (1)	March 31, 2022			Participation:	
Actuarial cost method	Entry age normal funding method			Future Retirees	40%
Amortization method	Level percent of pay			Future eligible spouses	70%
Remaining amortization period	20 years			Marital status at retirement	70%
	Not applicable since no assets meet the definition of plan assets under GASB				
Asset valuation method	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.

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

## Notes to Financial Statements

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### Note 7: 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%)	Current Rate (6%)	Assuming 1.0% Increase 7%
Station's Proportionate Share	\$ 214,202	\$ 264,449	\$ 330,559

**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 (2.31%)	Current Rate (3.31%)	Assuming 1.0% Increase (4.31%)
Station's Proportionate Share	\$ 206,269	\$ 264,449	\$ 219,491

**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 8: 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.

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

## Notes to Financial Statements

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### Note 8: Commitments and Contingencies (Continued)

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.

Federal Interest Period - Montana PBS has received considerable grant funding over the years from the NTIA/PTFP program in the U.S. Department of Commerce (DOC). The grant mandates a 10-year interest period on all equipment purchased with federal funds during which the station(s) must operate the equipment in compliance with the grant objectives or risk losing the physical assets to repossession. The station(s) last NTIA/PTFP grant (to KUSM – MSU) closed in December 2010. The 10-year requirement will be fulfilled in 2021.

### Note 9: Related Party

During the years ended June 30, 2022 and 2021, the Stations received monetary support from Friends of Montana PBS, Inc. as disclosed in the statements.

### Note 10: In-Kind Contributions

The following in-kind contributions were recorded in Montana PBS's financial statements for the years ended June 30, 2022 and 2021:

	2022	2021
University indirect administrative support and occupancy	\$ 730,508	\$ 833,631
In-kind services provided by program sponsors	30,084	4,612
<b>Total</b>	<b>\$ 760,592</b>	<b>\$ 838,243</b>

## **Required Supplementary Information**

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# 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%

*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%

\*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 on Required Supplementary Information

# 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	\$ 931,883	128.02%	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%

*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%

\*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 on Required Supplementary Information

### **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.

### **TRS**

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



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

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%

See Independent Accountant's Audit Report on Required Supplementary Information

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

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## 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.

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

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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.

#### **Changes in actuarial assumptions and other inputs:**

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.

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

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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.

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.

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

## Required Supplementary Information

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.

### 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

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

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
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

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

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 %	Generage Wage Growth: 3.5% Merit: 0%- 8.47%	7.65 %	See above

See Independent Accountant's Audit Report on Required Supplementary Information

### 2017 Legislative Changes:

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.

### Refunds

- 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.

### Interest credited to member accounts

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

### Lump-sum payouts

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.

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

## Required Supplementary Information

### Disabled PERS Defined Contribution (DC) Members

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.

See Independent Accountant's Audit Report on 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**

<b>Measurement Year</b>	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 %

<b>Total OPEB liability</b>	2022	2021	2020
Service cost	\$ 23,504	\$ 10,729	\$ 11,323
Interest on total OPEB liability	8,197	5,325	6,654
Changes in assumptions	(154,348)	178,391	(105,569)
Benefit payments	14,907	(92)	9,100
Net change in total OPEB liability	(107,740)	194,353	(78,492)
Total OPEB liability, beginning of year	372,187	177,834	256,326
Total OPEB liability, end of year	\$ 264,447	\$ 372,187	\$ 177,834

Covered payroll	\$ 2,494,783	\$ 2,845,466	\$ 2,827,250
Total liability as a percentage of covered payroll	10.60 %	13.08 %	6.29 %

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



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

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## **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 on Required Supplementary Information

## **Supplementary Information**

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

## Combined Schedule of Functional Expenses

<i>Years Ended June 30,</i>	Broadcasting	Programming and Production	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Solicitation and Underwriting	2022 Total Expenses	2021 Total Expenses
Salaries and benefits	\$ 829,731	\$ 980,433	\$ 224,331	\$ 2,034,495	\$ 517,630	\$ 488,451	\$ 17,198	\$ 3,057,774	\$ 3,234,952
Services	13,273	181,267	19,887	214,427	35,299	1,018	-	250,744	263,302
Supplies	102,521	125,207	15,215	242,943	28,751	1,809	-	273,503	235,415
Communications	25,625	30,617	455	56,697	28,502	20,708	-	105,907	84,370
Travel	14,975	44,030	9,903	68,908	9,343	1,586	-	79,837	47,031
Rent	150,673	9,070	1,137	160,880	5,436	-	-	166,316	156,230
Repair and maintenance	16,298	32,175	342	48,815	3,925	-	-	52,740	68,579
Professional services	5,477	8,572	-	14,049	3,233	-	-	17,282	14,153
Public broadcasting duties	-	729,061	-	729,061	-	-	-	729,061	813,936
Indirect costs	252,268	290,425	67,328	610,021	157,272	146,597	5,161	919,051	850,117
Other	25,217	214,894	4,611	244,722	66,395	28,883	-	340,000	207,662
Depreciation and amortization	204,541	5,724	-	210,265	65,139	-	-	275,404	274,134
<b>Total</b>	<b>\$ 1,640,599</b>	<b>\$ 2,651,475</b>	<b>\$ 343,209</b>	<b>\$ 4,635,283</b>	<b>\$ 920,925</b>	<b>\$ 689,052</b>	<b>\$ 22,359</b>	<b>\$ 6,267,619</b>	<b>\$ 6,249,881</b>

See Independent Auditor's Report on Supplementary Information.

**Montana PBS A Public Television Entity Operated by  
Montana University System**  
Combining Schedule of Net Position

<i>June 30, 2022</i>	KUSM	KUFM	Total
<b>Current assets</b>			
Cash and cash equivalents	\$ 4,039,684	\$ 510,287	\$ 4,549,971
Accounts receivable	385,768	1,202	386,970
Prepaid Expenses	60,927	-	60,927
<b>Total current assets</b>	<b>4,486,379</b>	<b>511,489</b>	<b>4,997,868</b>
<b>Capital assets</b>			
Studio and broadcast equipment	3,857,746	1,227,718	5,085,464
Production equipment	1,963,921	-	1,963,921
Vehicles	82,103	-	82,103
Office machines	7,299	-	7,299
Transmission, antenna, tower	3,280,825	418,071	3,698,896
Right to use lease	-	38,782	38,782
Accumulated depreciation	(7,605,607)	(1,632,386)	(9,237,993)
Accumulated amortization	-	(7,756)	(7,756)
<b>Total capital assets</b>	<b>1,586,287</b>	<b>44,429</b>	<b>1,630,716</b>
<b>Noncurrent assets</b>			
Prepaid expenses	10,667	-	10,667
<b>Total noncurrent assets</b>	<b>10,667</b>	<b>-</b>	<b>10,667</b>
<b>Total assets</b>	<b>6,083,333</b>	<b>555,918</b>	<b>6,639,251</b>
Deferred outflows of resources - pension and OPEB	513,858	114,241	628,099
	<b>6,597,191</b>	<b>670,159</b>	<b>7,267,350</b>

See Independent Auditor's Report on Supplementary Information.

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

## Combining Schedule of Net Position

<i>June 30, 2022</i>	KUSM	KUFM	Total
Liabilities and deferred inflows and net position			
Current liabilities			
Accounts payable and accrued expenses	29,346	(165)	29,181
Accrued payroll	86,061	-	86,061
Unearned revenue	2,107,919	15,218	2,123,137
Current portion, compensated absences	82,559	49,783	132,342
Current portion, capital lease obligations	1,638	-	1,638
Total current liabilities	2,307,523	64,836	2,372,359
Noncurrent liabilities			
Compensated absences, net of current portion	141,852	64,398	206,250
Capital lease, net of current portion	1,448	-	1,448
Pension obligation	701,471	509,435	1,210,906
Total OPEB obligation - health benefits	253,381	11,068	264,449
Total noncurrent liabilities	1,098,152	584,901	1,683,053
Total liabilities	3,405,675	649,737	4,055,412
Deferred inflows of resources - pension and OPEB	527,723	168,023	695,746
Net Position			
Invested in capital assets, net of related debt	1,583,201	44,429	1,627,630
Unrestricted	1,080,592	(192,030)	888,562
Total net position	2,663,793	(147,601)	2,516,192
\$ 6,597,191 \$ 670,159 \$ 7,267,350			

See Independent Auditor's Report on Supplementary Information.

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

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

<i>For the Year Ended June 30, 2022</i>	KUSM	KUFM	Total
Operating revenues			
Sales and services	\$ 9,747	\$ 13,196	\$ 22,943
Contract production	577,531	-	577,531
Broadband lease	64,489	-	64,489
<b>Total operating revenues</b>	<b>651,767</b>	<b>13,196</b>	<b>664,963</b>
Operating expenses			
Broadcasting	1,349,911	282,168	1,632,079
Programming and production	2,200,890	441,639	2,642,529
Program information and promotion	340,379	-	340,379
Management and general	748,950	166,594	915,544
Fundraising and membership development	682,889	-	682,889
Solicitation and underwriting	22,142	-	22,142
<b>Total Operating Expenses</b>	<b>5,345,161</b>	<b>890,401</b>	<b>6,235,562</b>
<b>Operating income (loss)</b>	<b>(4,693,394)</b>	<b>(877,205)</b>	<b>(5,570,599)</b>
Nonoperating revenue			
Grants from CPB	1,095,856	-	1,095,856
Grants from state agencies	67,319	-	67,319
Federal grants and contracts	553	-	553
State and local grants and contracts	-	7,182	7,182
Support from Montana University System			
Appropriations for operations	1,121,640	366,302	1,487,942
Donated and indirect	730,508	156,486	886,994
Contributions from Friends used for other operations	1,897,716	594,406	2,492,122
In-kind contributions	30,084	-	30,084
PBS royalties	5,233	-	5,233
Production underwriting	154,385	-	154,385
Program underwriting	47,865	-	47,865
Other revenue	(2,960)	1,341	(1,619)
<b>Total nonoperating revenues</b>	<b>5,148,199</b>	<b>1,125,717</b>	<b>6,273,916</b>
Other revenues, expenses, gains and losses			
Investment income	3,043	375	3,418
<b>Total other revenues, expenses, gains and losses</b>	<b>3,043</b>	<b>375</b>	<b>3,418</b>
Net change in position	457,848	248,887	706,735
Net position - beginning of year	2,205,945	(396,488)	1,809,457
<b>Net position - end of year</b>	<b>\$ 2,663,793</b>	<b>\$ (147,601)</b>	<b>\$ 2,516,192</b>

See Independent Auditor's Report on Supplementary Information.

**Montana PBS A Public Television Entity Operated by  
Montana University System**  
Combining Schedule of Cash Flows

<i>For the Year Ended June 30, 2022</i>	KUSM	KUFM	Total
Cash flows from operating activities			
Sales and services of educational activities	\$ 617,118	\$ 6,015	\$ 623,133
Compensation and benefits	(2,550,961)	(551,998)	(3,102,959)
Other operating expenses	(1,759,602)	(238,131)	(1,997,733)
<b>Net cash from operating activities</b>	<b>(3,693,445)</b>	<b>(784,114)</b>	<b>(4,477,559)</b>
Cash flows from noncapital financing activities			
Contributions from Friends of Montana PBS	1,597,716	594,406	2,192,122
Production underwriting	43,299	-	43,299
State appropriations	1,121,640	366,302	1,487,942
Grants and contracts	1,505,168	7,182	1,512,350
Other receipts	50,138	1,341	51,479
<b>Net cash from noncapital financing activities</b>	<b>4,317,961</b>	<b>969,231</b>	<b>5,287,192</b>
Cash flows from capital and related financing activities			
Purchase of capital assets	(98,566)	(7,499)	(106,065)
Disposal of capital assets	4,549	-	4,549
Leased assets	-	(38,783)	(38,783)
Principal and interest paid on long-term debt	(38,584)	-	(38,584)
<b>Net cash from capital and related financing activities</b>	<b>(132,601)</b>	<b>(46,282)</b>	<b>(178,883)</b>
Cash flows from investing activities			
Investment income	3,043	375	3,418
<b>Net change in cash and cash equivalents</b>	<b>494,958</b>	<b>139,210</b>	<b>634,168</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>3,544,726</b>	<b>371,077</b>	<b>3,915,803</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 4,039,684</b>	<b>510,287</b>	<b>4,549,971</b>

See Independent Auditor's Report on Supplementary Information.

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

## Combining Schedule of Cash Flows Continued

<i>For the Year Ended June 30, 2022</i>	KUSM	KUFM	Total
Reconciliation of operating loss to net cash flows from operating activities			
Operating Loss	\$ (4,693,394)	\$ (877,205)	(5,570,599)
Adjustments to reconcile change in net position to net cash from operating activities			
Depreciation and amortization	266,808	8,597	275,405
Non-cash operating expenses paid directly by the University	730,508	156,486	886,994
In-kind non-cash operating expenses	30,084	-	30,084
Net pension liability and related deferred inflows and outflows	4,362	3,410	7,772
Total OPEB obligation - health benefits and related deferred inflows and outflows	29,684	(58,299)	(28,615)
(Increase) decrease in assets			
Accounts receivable related to operations	(31,007)	762	(30,245)
Prepaid expenses	(7,333)	-	(7,333)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	20,691	(104)	20,587
Accrued payroll	15,865	-	15,865
Compensated absences	(56,071)	(9,818)	(65,889)
Deferred commercial underwriting revenue	(3,642)	(7,943)	(11,585)
	\$ (3,693,445)	\$ (784,114)	\$ (4,477,559)

See Independent Auditor's Report on Supplementary Information.



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

## Reconciliation Schedules

<i>For the Years Ended June 30,</i>	KUSM	KUFM	Friends of Montana PBS	2022 Total	2021 Total
<b>Support and revenues</b>					
Total support and revenues per statement of revenues, expenses, and changes in net position					
Operating Revenues	\$ 651,767	\$ 13,196	\$ -	\$ 664,963	\$ 453,104
Nonoperating revenues	5,148,199	-	-	5,148,199	9,074,579
Other Revenues	3,043	375	-	3,418	292,511
<hr/>					
Subtotal per CPF report Schedule F	5,803,009	13,571	-	5,816,580	9,820,194
<hr/>					
<b>Less</b>					
Federal Support	553	-	-	553	7,804
Public broadcasting support	-	-	-	-	1,224,196
Friends revenue presented discretely	-	-	2,538,920	2,538,920	2,203,232
Capital funds exclusion	-	-	-	-	65,000
In-kind revenue (not NFFS)	-	-	-	-	-
Miscellaneous other items	-	-	-	-	1,666,929
<hr/>					
Subtotal	553	-	2,538,920	2,539,473	5,167,161
<hr/>					
Non-federal financial support per CPB report summary, Schedule A line 28	5,802,456	13,571	(2,538,920)	3,277,107	4,653,033
<hr/>					
<b>Expenses</b>					
Total expenses per statement of revenues, expenses, and changes in net position					
	5,345,161	890,401	3,118,967	9,354,529	8,920,649
<hr/>					
Less contributions from Friends of Montana PBS to Montana PBS/KUSM TV/KUFM TV	-	-	2,538,920	2,538,920	2,203,232
<hr/>					
<b>Operating expenses per CPB</b>					
Report Summary, Schedule E, Line 8					
	\$ 5,345,161	\$ 890,401	\$ 580,047	\$ 6,815,609	\$ 6,717,417

See Independent Auditor's Report on Supplementary Information.

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

## Consolidating Schedule of Revenues and Expenses

<i>For the Year Ended June 30, 2022</i>	KUSM	KUFM	Friends of Montana PBS	Eliminations	Total	Schedule F AFR	Difference
<b>Operating revenues</b>							
Sales and services	\$ 9,747	\$ 13,196	\$ -	\$ -	\$ 22,943		
Contract production	577,531	-	-	-	577,531		
Broadband lease	64,489	-	-	-	64,489		
<b>Total Operating Revenues</b>	<b>651,767</b>	<b>13,196</b>	<b>-</b>	<b>-</b>	<b>664,963</b>	<b>664,963</b>	<b>-</b>
<b>Operating expenses</b>							
Broadcasting	1,349,911	282,168	-	-	1,632,079		
Programming and production	2,200,890	441,639	-	-	2,642,529		
Program information and promotion	340,379	-	-	-	340,379		
Management and general	748,950	166,594	-	-	915,544		
Fundraising and membership development	682,889	-	-	-	682,889		
Solicitation and underwriting	22,142	-	-	-	22,142		
Friends of Montana PBS payments to stations	-	-	2,538,920	(2,538,920)	-		
Friends of Montana PBS other expenses	-	-	580,047	-	580,047		
<b>Total operating expenses</b>	<b>5,345,161</b>	<b>890,401</b>	<b>3,118,967</b>	<b>(2,538,920)</b>	<b>6,815,609</b>		
<b>Operating income (loss)</b>	<b>\$ (4,693,394)</b>	<b>\$ (877,205)</b>	<b>\$ (3,118,967)</b>	<b>\$ 2,538,920</b>	<b>\$ (6,150,646)</b>		

See Independent Auditor's Report on Supplementary Information.

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

## Consolidating Schedule of Revenues and Expenses (Continued)

<i>For the Year Ended June 30, 2022</i>	KUSM	KUFM	Friends of Montana PBS	Eliminations	Total	Schedule F AFR	Difference
<b>Nonoperating revenues</b>							
Grants from CPB	\$ 1,095,856	\$ -	\$ -	-	\$ 1,095,856		
Grants from state agencies	67,319	-	-	-	67,319		
Federal grants and contracts	553	-	-	-	553		
State and local grants and contracts	-	7,182	-	-	7,182		
Support from Montana University System	-	-	-	-	-		
Appropriations for operations	1,121,640	366,302	-	-	1,487,942		
Donated and indirect	730,508	156,486	-	-	886,994		
Contributions from Friends used for other operations	1,897,716	594,406	-	-	2,492,122		
In-kind contributions	30,084	-	-	-	30,084		
PBS royalties	5,233	-	-	-	5,233		
Production underwriting	154,385	-	-	-	154,385		
Program underwriting	47,865	-	-	-	47,865		
Other revenue	(2,960)	1,341	-	-	(1,619)		
Friends of Montana PBS revenue excluding loss	-	-	5,070,279	(2,538,920)	2,531,359		
Friends of Montana PBS revenue loss	-	-	(427,740)	-	-		
<b>Total nonoperating revenues</b>	<b>5,148,199</b>	<b>1,125,717</b>	<b>4,642,539</b>	<b>(2,538,920)</b>	<b>8,377,535</b>	<b>8,377,535</b>	<b>-</b>
<b>Other revenues, expenses, gains and losses</b>							
Investment income	3,043	375	-	3,418	6,836		
<b>Total other revenues, expenses, gains and losses</b>	<b>3,043</b>	<b>375</b>	<b>-</b>	<b>3,418</b>	<b>6,836</b>	<b>6,836</b>	<b>-</b>
<b>Net change in net position</b>	<b>457,848</b>	<b>248,887</b>	<b>1,523,572</b>	<b>3,418</b>	<b>-</b>	<b>-</b>	<b>2,233,725</b>
<b>Net position - beginning of year</b>	<b>2,205,945</b>	<b>(396,485)</b>	<b>4,768,102</b>	<b>(3,719,806)</b>	<b>-</b>	<b>-</b>	<b>2,857,756</b>
<b>Net position - end of year</b>	<b>\$ 2,663,793</b>	<b>\$ (147,598)</b>	<b>\$ 6,291,674</b>	<b>\$ (3,716,388)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,091,481</b>

See Independent Auditor's Report on Supplementary Information.