

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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**KSRQ PIONEER 90.1 FM  
TABLES OF CONTENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>3</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>14</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>15</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>16</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>17</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS</b>	<b>37</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>38</b>
<b>SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY     CONTRIBUTIONS – STATE EMPLOYEES RETIREMENT FUND</b>	<b>39</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – STATE EMPLOYEES     RETIREMENT FUND</b>	<b>40</b>



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of KSRQ Pioneer 90.1 FM (KSRQ), an enterprise fund of Northland Community & Technical College, a campus of Minnesota State Colleges and Universities, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the KSRQ's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to KSRQ's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KSRQ's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSRQ as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows, thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note 1, the financial statements present only KSRQ Pioneer 90.1 FM and do not purport to, and do not, present fairly the financial position of Northland Community & Technical College or Minnesota State Colleges and Universities as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 10 to the financial statements, KSRQ Pioneer 90.1 FM restated its net position as of July 1, 2019, to properly reflect prior period adjustments. A summary of the restatement is presented in Note 10. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022, on our consideration of KSRQ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KSRQ's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KSRQ's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
January 12, 2022



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KSRQ Pioneer 90.1 FM (KSRQ), an enterprise fund of Northland Community & Technical College, a campus of Minnesota State Colleges and Universities, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise KSRQ's basic financial statements, and have issued our report thereon dated January 12, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
January 12, 2022

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

## **INTRODUCTION**

The following discussion and analysis provide an overview of the financial position and activities of Pioneer 90.1 (KSRQ), an enterprise fund of Northland Community & Technical College, Thief River Falls and East Grand Forks, Minnesota (the college) at June 30, 2021, 2020, and 2019, and for the years then ended. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying footnotes, which follow this section.

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

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

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

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**INTRODUCTION (CONTINUED)**

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

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

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

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

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

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

**FINANCIAL HIGHLIGHTS**

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

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

It is worth noting, that the impact on fiscal years 2021, 2020 and 2019 salaries and benefits expense due to GASB Statements No. 68 and No. 75 is a result of a more comprehensive approach to pension and other postemployment benefit expense, which reflects estimates of the amounts employees earned during the year, rather than actual contributions to the plans. The actuarially derived net pension liability, other postemployment benefit (OPEB) liability, deferred outflows, and deferred inflows of resources, can vary between years due to actuarial assumption changes, thus affecting financial statements comparability between years.

Excluding the GASB Statement No. 68 pension and GASB Statement No. 75 OPEB adjustments, fiscal year 2021 net position increased \$79,077 or 80.99%. With GASB Statements No. 68 and No. 75, net position increased \$77,053.

Assets and deferred outflows totaled \$393,344 and liabilities and deferred inflows totaled \$413,924. Net position, which represents the residual interest in KSRQ's assets and deferred outflows after liabilities and deferred inflows are deducted, is comprised of restricted expendable grants of \$35,231 and unrestricted net position of negative \$55,811.

**USING THE FINANCIAL STATEMENTS**

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

**STATEMENTS OF NET POSITION**

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

A summary of KSRQ's statements of net position as of June 30, 2021, 2020, and 2019 follows:

	2021	2020	2019
Current Assets	\$ 304,618	\$ 208,582	\$ 104,431
Noncurrent Assets	80,732	-	-
Deferred Outflows of Resources	7,994	28,653	44,842
Total Assets and Deferred Outflows of Resources	<u>393,344</u>	<u>237,235</u>	<u>149,273</u>
Current Liabilities	301,745	208,179	92,986
Noncurrent Liabilities	71,254	68,226	61,908
Deferred Inflows of Resources	40,925	58,463	63,991
Total Liabilities and Deferred Inflows of Resources	<u>413,924</u>	<u>334,868</u>	<u>218,885</u>
Net Position	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>	<u>\$ (69,612)</u>

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**STATEMENTS OF NET POSITION (CONTINUED)**

Total current assets increased by \$96,036 due to an increase in cash of \$97,361. Grants receivable decreased \$1,325.

Current liabilities consist primarily of accrued compensation and unearned federal and state grant revenue, which represents amounts received in advance of providing services. Unearned revenue increased \$97,361 in fiscal year 2021. Payables decreased \$3,803 due to normal differences in the timing of payments made, this represents a decrease in accounts payable of \$2,883 and a decrease in salaries payable of \$920 in fiscal year 2021. Current other compensation benefits, consisting of compensated absences and other postemployment benefits, increased by \$8 for fiscal year 2021.

Noncurrent liabilities increased by \$3,028 due to an increase in noncurrent other compensation benefits of \$3,951 and offset by a decrease in net pension liability of \$923. Deferred inflows of \$40,925 are the amounts in the calculation of pension expense determined by the actuary that will be required to be recognized over more than one year and is primarily due to GASB Statement No. 68.

Net position represents the residual interest in KSRQ's assets and deferred outflows after liabilities and deferred inflows are deducted. KSRQ's net position as of June 30, 2021, 2020, and 2019, respectively, are summarized as follows:

	2021	2020	2019
Restricted Expendable Grants	\$ 35,231	\$ 25,853	\$ 8,220
Unrestricted	(55,811)	(123,486)	(77,832)
Total Net Position	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>	<u>\$ (69,612)</u>

Restricted expendable grants represent donor-imposed grants received by KSRQ as outlined in Note 1. Unrestricted net position is not subject to externally imposed stipulations. As shown in the table above, total net position has increased by \$67,675 from fiscal year 2020 to fiscal year 2021.

There is a significant impact to unrestricted net position due to GASB Statements No. 68 and No. 75, this difference is reflected in the table below. With the effect of GASB Statements No. 68 and No. 75, unrestricted net position increased by \$67,675 in fiscal year 2021. Without the effect of GASB Statements No. 68 and No. 75, unrestricted net position increased \$69,699, in fiscal year 2021.

Unrestricted Net Position Balance at June 30,			
	2021	2020	2019
Unrestricted Net Position Balance at June 30	\$ (55,811)	\$ (123,486)	\$ (77,832)
Prior Year Effect of GASB Statements No. 68 and No. 75	59,278	46,098	63,240
Current Year Effect of GASB Statements No. 68 and No. 75	2,024	13,180	(17,142)
Balance at June 30, Without Effect of GASB No. 68 and No. 75	<u>\$ 5,491</u>	<u>\$ (64,208)</u>	<u>\$ (31,734)</u>

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**CAPITAL ACTIVITIES**

With office and studio facilities provided by the college, capital outlays by KSRQ are comprised primarily of investments in broadcasting equipment. Capital assets, net of accumulated depreciation, as of June 30, 2021, totaled \$80,732, an increase of \$80,732 from June 30, 2020. The increase consisting of the purchase of equipment of \$82,100, offset by depreciation of \$1,368 recognized during fiscal year 2021.

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

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

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

The college is one of the primary sources of revenue for KSRQ, providing 34% of total revenues in fiscal year 2021. The college provides state appropriations to fund a full-time station manager, full-time and part-time employee, and the utilities for the radio station facility. The college also provides in-kind contributions consisting of facilities and administration.

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues:			
Underwriting	\$ 20,795	\$ 15,500	\$ 10,354
Nonoperating Revenues:			
Appropriation from College	106,245	56,043	101,804
Donated Facilities and Administrative from the College	67,908	61,090	102,588
Contributions - Listener Support	9,520	6,377	11,929
Grants from the Corporation for Public Broadcasting	226,047	105,126	4,620
Grants from the State of Minnesota	75,707	149,165	110,082
Total Nonoperating and Other Revenues	<u>485,427</u>	<u>377,801</u>	<u>331,023</u>
Total Revenues	506,222	393,301	341,377
Operating Expenses:			
Salaries	150,928	165,663	158,716
Benefits	70,473	78,266	107,651
Other	130,942	116,303	87,990
In-Kind Expenses	76,826	61,090	-
Total Operating Expenses	<u>429,169</u>	<u>421,322</u>	<u>354,357</u>
Change in Net Position	77,053	(28,021)	(12,980)
Net Position - Beginning of Year	<u>(97,633)</u>	<u>(69,612)</u>	<u>(56,632)</u>
Net Position - End of Year	<u>\$ (20,580)</u>	<u>\$ (97,633)</u>	<u>\$ (69,612)</u>

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

Overall underwriting revenues increased by \$5,295 during fiscal year 2021. Underwriting received from AMPERS selling to clients on behalf of KSRQ increased from \$15,500 in fiscal year 2020 to \$20,795 in fiscal year 2021 as the association found more success securing support from larger clients. In addition, revenues generated by KSRQ Marketing staff increased by \$6,337 to \$9,520 in fiscal year 2021.

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

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

The Corporation for Public Broadcasting (CPB) awarded KSRQ a Community Service Grant of \$123,959 for fiscal year 2021. The CPB restricts approximately 22% of the funds, requiring that they be expended towards national program acquisition or distribution of station produced content. KSRQ has used these funds to invest in access Public Radio Exchange (PRX) and independently distributed programs for programming and specialized content such as American Roots, Sound Opinions, Beat Latino and other content available via the national marketplace.

The CPB also secured HEERF funding through the U.S. Congress. In fiscal year 2021 the CPB awarded KSRQ a HEERF grant of \$199,449. KSRQ's management intends to use these funds to purchase and install a digital playout system and HD digital transmitter that is needed to replace aging equipment and additional functionality that was not available on existing equipment.

KSRQ secured a cumulative Arts and Cultural Heritage Legacy grant of \$175,000 for fiscal years 2020 and 2021. These funds have been used to fund portions of two full-time positions, one part-time position, and one contractor. Additionally, the outcome of grant support from the Minnesota Arts and Cultural Heritage Fund has resulted in continued growth in community awareness and support at events programmed by KSRQ. Management has been building on these successful new events including concerts, radio theatre and preserving the cultural history through old time music on Pioneer PolkaCast KSRQ HD2.

Biennially, the Minnesota State Legislature appropriates funding for community service and equipment awards to public broadcasting entities. The state distributes the appropriated funding equally to eligible AMPERS member stations. KSRQ received a state operational and equipment grant of \$75,707 in fiscal year 2021. These funds are used by KSRQ to pay for equipment, tower rental, part of one full-time position, and some engineering.

GASB Statements No. 68 and No. 75 also have a significant impact on KSRQ's net position. Without the effect of GASB Statements No. 68 and No. 75, KSRQ's the increase in overall financial position was \$79,077 in fiscal year 2021.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Increase (Decrease) in Net Position Including GASB 68 and GASB 75	\$ 77,053	\$ (28,021)	\$ (12,980)
Impact on Compensation Expense:			
Pension	2,198	13,553	(18,109)
Other Postemployment Benefits	(174)	(373)	967
Total GASB 68/75 Impact	<u>2,024</u>	<u>13,180</u>	<u>(17,142)</u>
Decrease in Net Position Excluding GASB 68 and 75	<u>\$ 79,077</u>	<u>\$ (14,841)</u>	<u>\$ (30,122)</u>

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

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

KSRQ has received another CPB Community Service Grant for fiscal year 2022. The station remains in good standing to receive funding in future grant cycles.

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

The Minnesota State Legislature appropriated funding for community service and equipment grants for the fiscal year 2022-2023 biennium. A state community service grant of \$28,941.17 and an equipment grant of \$8,352.94 have each been allocated to KSRQ for fiscal year 2022 with the same funding allocated for fiscal year 2023. The Minnesota Legislature has appropriated funding to qualifying public radio stations for the past several decades and KSRQ remains in good standing to receive funding in future grant cycles.

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

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

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

**KSRQ PIONEER 90.1 FM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE (CONTINUED)**

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

**REQUESTS FOR INFORMATION**

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

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

**KSRQ PIONEER 90.1 FM  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 283,033	\$ 185,672
Grants Receivable	21,585	22,910
Total Current Assets	304,618	208,582
<b>NONCURRENT ASSETS</b>		
Capital Assets, Net	80,732	-
Total Assets	385,350	208,582
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Assets and Deferred Outflows of Resources	7,994	28,653
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	11,032	13,915
Salaries Payable	2,380	3,300
Other Compensation Benefits	5,300	5,292
Unearned Grant Revenue	283,033	185,672
Total Current Liabilities	301,745	208,179
<b>NONCURRENT LIABILITIES</b>		
Other Compensation Benefits	56,246	52,295
Net Pension Liability	15,008	15,931
Total Noncurrent Liabilities	71,254	68,226
Total Liabilities	372,999	276,405
<b>DEFERRED INFLOW OF RESOURCES</b>		
Total Liabilities and Deferred Inflows of Resources	40,925	58,463
<b>NET POSITION</b>		
Unrestricted	(55,811)	(123,486)
Restricted - Expendable	35,231	25,853
Total Net Position	\$ (20,580)	\$ (97,633)

See accompanying Notes to Financial Statements.

**KSRQ PIONEER 90.1 FM**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Underwriting	\$ 20,795	\$ 15,500
<b>OPERATING EXPENSES</b>		
Program Services:		
Programming and Production	204,390	293,510
Broadcasting and Engineering	106,828	45,855
Program Information and Promotion	616	1,049
Total Program Services	311,834	340,414
Support Services:		
Fundraising and Membership Development	3,163	2,600
Underwriting and Grant Solicitation	31,151	29,880
Management and General	83,021	48,428
Total Support Services	117,335	80,908
Total Operating Expenses	429,169	421,322
<b>OPERATING LOSS</b>	(408,374)	(405,822)
<b>NONOPERATING REVENUES</b>		
Appropriation from Northland Community and Technical College	106,245	56,043
Donated Facilities and Administrative from the College	67,908	61,090
Contributions - Listener Support	9,520	6,377
Grants from the Corporation for Public Broadcasting	226,047	105,126
Grants from the State of Minnesota	75,707	149,165
Total Nonoperating Revenues	485,427	377,801
<b>CHANGE IN NET POSITION</b>	77,053	(28,021)
Net Position - Beginning of Year	(97,633)	(69,612)
<b>NET POSITION - END OF YEAR</b>	\$ (20,580)	\$ (97,633)

See accompanying Notes to Financial Statements.

**KSRQ PIONEER 90.1 FM  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received for Underwriting	\$ 20,795	\$ 15,500
Cash Payments for Employees	(215,244)	(226,644)
Cash Paid to Suppliers for Goods or Services	(142,295)	(110,569)
Net Cash Flows Used by Operating Activities	(336,744)	(321,713)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
General Appropriation from Northland Community and Technical College	106,245	56,043
Contributions Received - Listener Support	9,520	6,377
Grants from the Corporation for Public Broadcasting	323,408	214,279
Grants from the State of Minnesota	77,032	154,166
Net Cash Flows Provided by Noncapital and Related Financing Activities	516,205	430,865
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Investment in Capital Assets	(82,100)	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	97,361	109,152
Cash and Cash Equivalents - Beginning of Year	185,672	-
Restatement of Prior Year	-	76,520
Cash and Cash Equivalents - Beginning of Year, as Restated	185,672	76,520
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 283,033	\$ 185,672
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (408,374)	\$ (405,822)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used by Operating Activities:		
Depreciation	1,368	-
Donated Facilities and Administrative Expense	67,908	61,090
Deferred Outflows of Resources	20,659	16,189
Deferred Inflows of Resources	(17,538)	(5,528)
Change in Assets and Liabilities:		
Accounts Payable	(2,883)	2,434
Salaries Payable	(920)	3,300
Other Compensation Benefits	3,959	3,732
Net Pension Liability	(923)	2,892
Net Reconciling Items to be Added to Operating Loss	71,630	84,109
Net Cash Flow Used by Operating Activities	\$ (336,744)	\$ (321,713)
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Donated Facilities and Administrative Revenue	\$ 67,908	\$ 61,090

See accompanying Notes to Financial Statements.

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES**

**Financial Reporting Entity**

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

Minnesota State is an agency of the state of Minnesota and receives appropriations from the state legislature. The college receives a portion of Minnesota State's state appropriation. Economic support for KSRQ from the college is committed on a year-to-year basis for salaries and operating expenses not provided through other sources. General appropriation support has been approved through June 30, 2021.

**Basis of Presentation**

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

**Basis of Accounting**

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

**Tax Status**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**New Accounting Standards**

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes accounting and financial reporting for leases by lessees and lessors. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Statement No. 87 is effective for the fiscal year beginning July 1, 2021. The effect GASB Statement No. 87 will have on the fiscal year 2022 financial statements has not yet been determined.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB No. 90 is effective for years beginning after December 15, 2019. The effect GASB Statement No. 90 will have on the fiscal year 2021 financial statements has not yet been determined.

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Minnesota State has implemented GASB No. 92 in fiscal year 2020.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. GASB Statement No. 93 is effective for the year beginning after June 15, 2021. The effect GASB Statement No. 93 will have on the fiscal year 2022 financial statements has not yet been determined.

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**New Accounting Standards (Continued)**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of certain provisions and in Statements and Implementation Guides that first became effective or scheduled to become effective for the periods beginning after June 15, 2018, and later. Minnesota State has adjusted the effective dates for all new accounting pronouncements described in these statements.

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

In June 2020, the GASB issued Statement no. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statement, and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 is effective for fiscal years beginning after June 15, 2021. The effect GASB Statement No. 96 will have on the fiscal year 2022 financial statements has not yet been determined.

**Cash and Cash Equivalents**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**Receivables**

Receivables are shown net of an allowance for uncollectible amounts.

**Capital Assets**

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

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

**Long-Term Liabilities**

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

**Compensated Absences**

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

**Revenue Classifications**

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

**Operating Revenues**

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

**Nonoperating Revenues**

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

**Unearned Revenue**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**In-Kind Contributions**

Donated goods and in-kind trade activity are recorded as revenues and expenses at fair market value at the date of donation or activity. Donated space and administrative services of \$67,908 are included in revenues and expenses in the statement of revenues, expenses and changes in net position for the years ended June 30, 2021.

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

**Use of Estimates**

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

**Functional Allocation of Expenses**

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

**Deferred Outflows and Deferred Inflows of Resources**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**Deferred Outflows and Deferred Inflows of Resources (Continued)**

The following tables summarize KSRQ deferred outflows and inflows:

	Deferred Outflows of Resources	
	2021	2020
Related to Pensions:		
Changes in Actuarial Assumptions	\$ -	\$ 22,448
Contributions Paid to Plans Subsequent to the Measurement Date	1,956	2,520
Differences Between Expected and Actual Experience	985	483
Changes in Proportion	1,247	1,247
Total Related to Pensions	4,188	26,698
Related to OPEB:		
Changes in Actuarial Assumptions	2,886	989
Contributions Paid to Plans Subsequent to the Measurement Date	920	966
Total Related to OPEB	3,806	1,955
Total	\$ 7,994	\$ 28,653

	Deferred Inflows of Resources	
	2021	2020
Related to Pensions:		
Changes in Actuarial Assumptions	\$ 33,881	\$ 49,914
Difference Between Projected and Actual Investment Earnings	-	3,891
Differences Between Expected and Actual Experience	154	55
Changes in Proportion	2,804	2,962
Total Related to Pensions	36,839	56,822
Related to OPEB:		
Changes in Actuarial Assumptions	513	640
Differences Between Expected and Actual Experience	3,573	1,001
Total Related to OPEB	4,086	1,641
Total	\$ 40,925	\$ 58,463

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The plan is not funded. KSRQ recognized a decrease in expense of \$419 and \$594 in fiscal years 2021 and 2020, respectively, related to OPEB. This decrease is comprised of OPEB expense of \$1,339 and \$1,560 net of reduction to expense for yearly contributions of \$920 and \$966 for fiscal years 2021 and 2020, respectively.

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING REPORTING POLICIES (CONTINUED)**

**Defined Benefit Pensions**

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

**Net Position**

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

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

**NOTE 2 CASH AND CASH EQUIVALENTS**

**Cash and Cash Equivalents**

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

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

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

**KSRQ PIONEER 90.1 FM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Custodial Credit Risk**

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

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The college's policy for reducing its exposure to credit risk is to comply with Minnesota Statutes, Section 118A.03. The statute limits investments to the top-quality rating categories of a nationally recognized rating agency. At June 30, 2021, the college's debt securities were rated equivalent to Standard and Poor's AA or higher.

**Concentration of Credit Risk**

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

**Interest Rate Risk**

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

**NOTE 3 GRANTS RECEIVABLE**

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

**KSRQ PIONEER 90.1 FM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS**

Summaries of changes in capital assets for fiscal years 2021 and 2020 follow:

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

**NOTE 5 ACCOUNTS PAYABLE**

Accounts payable represent amounts due for goods and services received prior to the end of the fiscal year of \$4,935 and \$6,097 payable to the College at June 30, 2021. At June 30, 2020, accounts payable represent amounts due for goods and services of \$2,434 and \$11,481 payable to the College, respectively.

**NOTE 6 OTHER COMPENSATION BENEFITS**

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

The changes in other compensation benefits for fiscal year 2021:

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

The changes in other compensation benefits for fiscal year 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Compensated Absences	\$ 39,946	\$ 10,244	\$ 6,140	\$ 44,050	\$ 5,292
Other Postemployment Benefits	13,910	1,688	2,061	13,537	-
Total Other Compensation Benefits	<u>\$ 53,856</u>	<u>\$ 11,932</u>	<u>\$ 8,201</u>	<u>\$ 57,587</u>	<u>\$ 5,292</u>

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 OTHER COMPENSATION BENEFITS (CONTINUED)**

**Compensated Absences**

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

**Other Postemployment Benefit**

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

**Net Pension Liability**

The net pension liability of \$15,008 and \$15,931 at June 30, 2021 and 2020, respectively, is the proportionate share of the unfunded pension liability of the defined benefit pension plans as required by GASB Statement No. 68. Note 8 to the financial statements provides additional information.

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

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

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

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

The total OPEB liability for Minnesota State at June 30, 2021 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020. The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to determine the June 30, 2020 total OPEB liability. The total OPEB liability was measured based on the following actuarial assumptions:

Measurement Date	June 30, 2020	June 30, 2019
Payroll Growth	2.1%	3.0%
Inflation	2.25 % per year	2.25 % per year
Initial Medical Trend Rate	7.5%	6.6%
Ultimate Medical Trend Rate	3.8%	3.8%
Year Ultimate Trend Rate Reached	2071	2068

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 was 2.21% and 3.50%, respectively. The discount rate was based on a municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of June 2020 and 2019. The plan is not funded by assets in a separate trust. Therefore, the municipal bond rate was applied to all period of projected benefit payments to determine the total OPEB liability.

**Changes in Total OPEB Liability**

The changes in total OPEB liability are as follows:

	2021	2020
Balance - Beginning of the Year	\$ 13,537	\$ 13,910
Changes for the Year		
Service Cost	1,036	1,083
Interest	489	559
Changes in Assumptions	2,468	(71)
Differences Between Expected and Actual Experience	(3,201)	(1,106)
Benefit Payments	(966)	(838)
Net Changes	<u>(174)</u>	<u>(373)</u>
Balance - End of Year	<u>\$ 13,363</u>	<u>\$ 13,537</u>

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

Changes were made in assumptions that affect the total OPEB liability since the prior valuation. The discount rate was changed from 3.5% to 2.21%. Mortality assumptions, salary increase assumptions, and medical trend rates were updated. The payroll growth rate decreased 0.9% and the initial medical trend rate increased 0.9%.

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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

	2021		2020	
	Percent	Amount	Percent	Amount
1% Lower	1.21	\$ 12,711	2.50	\$ 14,212
Current Discount Rate	2.21	13,363	3.50	13,537
1% Higher	3.21	13,991	4.50	12,874

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

The following presents KSRQ total OPEB liability, calculated using the healthcare cost trend rates, that is one percentage lower (6.5% decreasing to 2.8% and 5.6% decreasing to 2.8%) or one percentage higher (8.5% decreasing to 4.80% and 7.6% decreasing to 4.8%) than the current healthcare cost trend rate (7.5% decreasing to 2.21% and 6.6% decreasing to 3.5%):

	2021	2020
	Amount	Amount
1% Lower	\$ 12,117	\$ 15,085
Current Trend Rate	13,363	13,537
1% Higher	14,806	12,210

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

For the years ended June 30, 2021 and 2020, KSRQ recognized a decrease in benefit expense of \$174 and \$592, respectively, related to OPEB.

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

	2021	2020
	Amount	Amount
Changes in Actuarial Assumptions	\$ 2,886	\$ 989
Contributions Made Subsequent to the Measurement Date	-	966
Total	\$ 2,886	\$ 1,955

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

	2021	2020
	Amount	Amount
Changes in Actuarial Assumptions	\$ 513	\$ 640
Differences Between Expected and Actual Experience	3,573	1,001
Total	\$ 4,086	\$ 1,641

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

Fiscal Year	Amount
2022	\$ (186)
2023	(186)
2024	(268)
2025	(210)
2026	(244)
Thereafter	(105)
Total	\$ (1,199)

**NOTE 8 EMPLOYEE PENSION PLANS**

KSRQ participates in the State Employees Retirement Fund administered by the Minnesota State Retirement System and the Minnesota State Colleges and Universities Defined Contribution Retirement Plan.

*State Employees Retirement Fund (SERF)*

**Plan Description**

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

**Benefits Provided**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

**Benefits Provided (Continued)**

Retirement benefits can be computed using one of two methods: The Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.20% of the high-five average salary for each of the first 10 years of covered service, plus 1.70% for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.70% of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

**Contributions**

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members are participating employers were required to contribute 6.0% of their annual covered salary in fiscal year 2021 and 2020. Participating employers were required to contribute 6.25% of employee annual covered salary in fiscal years 2021 and 2020. KSRQ's contributions to the General Plan for the fiscal years ended June 30, 2021 and 2020 was \$1,956 and \$2,520, respectively. These contributions were equal to the contractually required contributions for each year as set by state statute.

**Actuarial Assumptions**

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

Measurement Date	June 30, 2020	June 30, 2019
Inflation	2.25% Per Year	2.5% per year
Active Member Payroll Growth	3.0% Per Year	3.25% per year
Investment Rate of Return	7.5%	7.5%

Salary increases for the years ended June 30, 2020 and 2019 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Prior year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors, and disabilitants were based on PUB-2010 mortality tables adjusted for mortality improvements using projections scale MP-2018. Benefit increases for retirees were assumed to be 1.0% from January 1, 2019 through December 31, 2023, and 1.5% from January 1, 2024, and onward.

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the last experience study dated June 30, 2019 and June 30, 2015, respectively, and a review of inflation and investment return assumptions, dated June 27, 2019. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and a documented in a report dated October 2016.

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 7.5%. The expected rate of return was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates, and the target allocations were then combined to produce geometric, long-term expected rate of return for the portfolio.

For each major asset class that is included in the pension fund target asset allocation as of the June 30, 2020 measurement date, these best estimates are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Geometric Mean) Percentage
Domestic Equity	36 %	5.10
International Equity	17	5.30
Private Markets	25	5.90
Fixed Income	20	0.75
Cash	2	0.00
Total	100 %	

**Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019 was 7.50%.

As of June 30, 2020 and 2019, the projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan fiduciary net position was available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

**Net Pension Liability**

At June 30, 2021 and 2020, KSRQ reported a liability of \$15,008 and \$15,931, respectively, for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. KSRQ's proportion of the net pension liability was based on the employer contributions received by MSRS during the measurement periods July 1, 2019 through June 30, 2020 and July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2021 and 2020, KSRQ's proportion was 0.001%.

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

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. The price inflation assumption was decreased from 2.5% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.0%. Assumed salary increases, rates of retirement, termination and disability were changed as recommended in the June 30, 2019 experience study. The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments. The mortality projection scale was changed from MP-2018 to MP-2019. Age, marriage and benefit annuity election options were adjusted.

**Pension Liability Sensitivity**

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

	2021		2020	
	Percent	Amount	Percent	Amount
1% Lower	6.50	\$ 35,624	6.50	\$ 37,104
Current Discount Rate	7.50	15,008	7.50	15,931
1% Higher	8.50	(2,150)	8.50	(1,645)

**Pension Plan Fiduciary Net Position**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

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

For the years ended June 30, 2021 and 2020, KSRQ recognized an increase in benefit expense of \$3,007 and \$3,592 related to pensions, respectively.

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

	<u>2021</u>	<u>2020</u>
Changes in Actuarial Assumptions	\$ -	\$ 22,447
Contributions Paid to MSRS Subsequent to the Measurement Date	1,956	2,520
Differences Between Expected and Actual Experience	985	483
Changes in Proportion	1,247	1,248
Total	<u>\$ 4,188</u>	<u>\$ 26,698</u>

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

	<u>2021</u>	<u>2020</u>
Changes in Actuarial Assumptions	\$ 33,881	\$ 49,914
Differences Between Projected and Actual Investment Earnings	-	3,891
Differences Between Expected and Actual Economic Experience	154	55
Changes in Proportion	2,804	2,962
Total	<u>\$ 36,839</u>	<u>\$ 56,822</u>

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

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ (20,852)
2023	(10,814)
2024	(1,807)
2025	(1,134)
2026	-
Total	<u>\$ (34,607)</u>

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

*Minnesota State Defined Contribution Retirement Fund*

**General Information**

The Minnesota State Defined Contribution Retirement Fund include two plans: An Individual Retirement Account Plan and a Supplemental Retirement Plan. Both plans are mandatory, tax deferred, single employer, defined contribution plans authorized by Minnesota Statutes, Chapters 354B and 354C. The plans are designed to provide retirement benefits to Minnesota State unclassified employees. An unclassified employee is one who belongs to Minnesota State specific bargaining units. The plans cover unclassified teachers, librarians, administrators, and certain other staff. The plans are mandatory for qualified employees and vesting occurs immediately. The administrative agent of the two plans is Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). Separately issued financial statements can be obtained from TIAA CREF, Normandale Lake Office Park, 8000 Norman Center Drive, Suite 1100, Bloomington, MN 55437.

*Individual Retirement Account Plan (IRAP)*

**Participation**

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

**Contributions**

There are two member groups participating in the IRAP, a faculty group and an administrators group. As of June 30, 2021 and 2020, for both faculty and administrators, the employer and employee statutory contribution rates are 6.0% and 4.8% and 6.0% and 5.15%, respectively. The contributions are made under the authority of Minnesota Statutes, Chapter 354B.

Required contributions for KSRQ were:

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 EMPLOYEE PENSION PLANS (CONTINUED)**

*Supplemental Retirement Plan (SRP)*

**Participation**

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

**Contributions**

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

<u>Member Group</u>	<u>Eligible Compensation</u>	<u>Maximum Annual Contributions</u>
Minnesota State University Association of Administrative & Service Faculty	\$6,000 to \$50,000	\$2,200

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

Required contributions for KSRQ were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 2,200
2020	2,200

**NOTE 9 RISK MANAGEMENT**

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

**KSRQ PIONEER 90.1 FM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

**NOTE 10 RESTATEMENT**

KSRQ restated its net assets as of July 1, 2019, to properly adjust the net assets based on the implementation of GASB 68/75. The table below summarizes the restatement as of July 1, 2019.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Net Assets - Beginning of Year, as Previously Stated	\$ 64,439	\$ 5,172	\$ 69,611
Unearned Revenue	(76,520)	-	(76,520)
Pension Liability	(32,188)	-	(32,188)
Due to/from College	(22,961)	-	(22,961)
Other Compensated Absences	(13,910)	-	(13,910)
Net Assets - Beginning of Year, as Restated	<u>\$ (81,140)</u>	<u>\$ 5,172</u>	<u>\$ (75,968)</u>

**KSRQ PIONEER 90.1 FM**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**JUNE 30, 2021**

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

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

**KSRQ PIONEER 90.1 FM**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

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

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

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

**KSRQ PIONEER 90.1 FM**  
**SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY CONTRIBUTIONS**  
**STATE EMPLOYEES RETIREMENT FUND**  
**JUNE 30, 2021**

Schedule of Proportionate Share of MSRS Net Pension Liability

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Employee Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2019	0.0001	15,931	107,813	0.15	90.73
June 30, 2020	0.002	24,366	102,016	0.24	91.25

Schedule of Employer Contributions

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

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

**KSRQ PIONEER 90.1 FM**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**STATE EMPLOYEES RETIREMENT FUND**  
**JUNE 30, 2021**

There have been no changes in plan provisions since the prior actuarial valuation.

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. The price inflation assumption was decreased from 2.5% to 2.25%. The payroll growth assumption as decreased from 3.25% to 3.0%. Assumed salary increases, rates of retirement, termination and disability were changed as recommended in the June 30, 2019 experience study. The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments. The mortality projection scale was changed from MP-2018 to MP-2019. Age, marriage and benefit annuity election options were adjusted.

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