

Central Michigan University Public Broadcasting Network

**Consolidated Financial Report
with Other Supplemental Information
June 30, 2022**

Central Michigan University Public Broadcasting Network

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Independent Auditor's Report

To the Board of Trustees
Central Michigan University Public
Broadcasting Network
c/o Central Michigan University

Opinion

We have audited the consolidated financial statements of Central Michigan University Public Broadcasting Network (the "Network"), a department of Central Michigan University (the "University"), as of and for the years ended June 30, 2022 and 2021 and the related notes to the consolidated financial statements, which collectively comprise the Network's basic consolidated financial statements, as listed in the table of contents.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Michigan University Public Broadcasting Network as of June 30, 2022 and 2021 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Delta College WUCX-FM, which represents 2.13 percent, (0.20) percent, and 6.14 percent, of the assets, net position, and revenue, respectively, of the Network. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Delta College WUCX-FM, is based solely on the report of the other auditors.

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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Network 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.

Emphasis of Matters

We draw attention to Note 1, which explains that these consolidated financial statements of Central Michigan University Public Broadcasting Network are intended to present the financial position, changes in financial position, and changes in cash flows of only that portion of the University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2022 and 2021; the changes in its financial position; or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Additionally, as discussed in Note 1 to the consolidated financial statements, in 2022, the Network adopted new accounting guidance under Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

To the Board of Trustees
Central Michigan University Public
Broadcasting Network
c/o Central Michigan University

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits 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 consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Network'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

To the Board of Trustees
Central Michigan University Public
Broadcasting Network
c/o Central Michigan University

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Network's basic consolidated financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic consolidated 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Plante & Moran, PLLC

February 7, 2023

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited

This section of Central Michigan University Public Broadcasting Network's (the "Network") annual consolidated financial report presents our discussion and analysis of the financial performance of the television and radio stations for the fiscal year ended June 30, 2022, with selected comparative information for the years ended June 30, 2021, and 2020. This discussion has been prepared by management along with the consolidated financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and notes. The discussion and analysis is designed to focus on current activities, resulting changes, and current known facts. The consolidated financial statements, notes, and this discussion are the responsibility of management.

Reporting Entity

Central Michigan University (the "University") operates the not-for-profit Network through the Department of Public Broadcasting under licenses granted to the board of trustees of the University. The assets, liabilities, and net position of the Network, excluding the Delta College portion, are included in the financial statements of Central Michigan University. The stations in the Network are identified by the following call letters:

WCMU-DT and WCMU-FM, Mount Pleasant
WCMV-DT, Cadillac
WCMW-DT, Manistee
WCML-DT and WCML-FM, Alpena
WCMV-FM, Leland
WUCX-FM, Bay City

WCMW-FM, Harbor Springs
WCMB-FM, Oscoda
WCMZ-FM, Sault Sainte Marie
WWCM-FM, Standish
W236BU-FM, Traverse City

WUCX-FM, Bay City, is licensed to the University and is operated jointly by Central Michigan University and Delta College. The financial statements of Delta College WUCX-FM have been audited separately and have been combined with the Network in these consolidated financial statements. Inter-organizational transactions have been eliminated. See Note 14 for disclosures related to Delta College WUCX-FM's financial statements.

Only WCMU-DT and WCMU-FM are funded by the Corporation for Public Broadcasting (CPB). However, the operations of all of the stations (including Delta College WUCX-FM) have been combined for financial reporting purposes, as allowed by the CPB. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and the Corporation for Public Broadcastings' *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

On April 30, 2020, Central Michigan University acquired WFCX-FM from Northern Michigan Radio, Inc. The call letters were immediately changed to WCMV-FM. The purchase price of \$500,000 primarily included the FCC license, antenna, transmitter and transmitter building. The station was incorporated into the Network and carries the same programming as the other stations. The acquisition expanded the radio coverage area into Traverse City and surrounding areas in northern Michigan. The purchase was financed by a loan from Central Michigan University to the Network which is being repaid over five years at an annual interest rate of 5.0%.

On June 25, 2021, Central Michigan University Board of Trustees, the FCC license holder of W236BU-FM, sold the station's rights to broadcast on channel 95.1. The proceeds from the sale of the broadcast rights were recorded in fiscal year 2021 as part of the Network's revenue.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Factors Influencing Future Periods

The Network continues work associated with the addition of a fourth 24/7 education channel as part of a partnership with the other five Michigan Public Television stations. The channel is branded as the Michigan Learning Channel. An appropriation from the state funded an education coordinator position at each station, however there were no new funds available as of October 31, 2022, and as a result, the position was eliminated. The work in education is an important part of the Network's mission. The Network will continue to support the Michigan Learning Channel and build up educational partnerships with community partners across the Network's 42-county coverage area and on the campus of CMU.

The Network is in its fifth year of partnership with 7 local newspapers. CMU students who also work as Network news interns are placed each summer to produce reports from local newspapers area including The Big Rapids Pioneer, The Huron Daily Tribune in Bad Axe, The Cadillac News, The Daily News in Greenville, The Midland Daily News, Alpena News, and the Traverse City Record-Eagle. Produced reports are also aired on WCMU radio. The program had been instrumental in at least five students being hired as journalists after graduation. Students produce an average of 38 stories each over the course of the summer.

Feedback on the program has been consistently positive from both students and newspapers. *"I gained more journalism experience and skills this summer than I have in all my time in college."* – Jill Harrington / 2022 Midland Daily News Intern

"The internship is an innovative solution to one of the most serious problems facing young journalists in recent years. The wholesale collapse of local news in many Michigan communities." – Nate Payne, Editor Traverse City Record-Eagle 2020

"This might be the best professional/academic partnership in Michigan to prepare students for the challenges and opportunities emerging in today's complicated media landscape." – Dave Clark, Former Director of Student Media, Central Michigan University, Board member, Michigan Press Association, Central Michigan Life adviser (2020), current Editor in Chief for the Midland Daily News

"I was able to gain confidence in not only my professional life but also my personal life as well." – Alexis Seeley / 2022 Cadillac News Intern

An additional news reporter position was added to the Network through a grant with Report for America. This reporter is embedded in the Cheboygan community and reports on environmental issues in the region, especially those on water.

During fiscal year 2021, the Network started a significant rebuild of the TV Master Control operations and the TV Production Control. This work is nearing completion. This critical project was necessary since this equipment is beyond end of life and no longer supported by vendors. In addition, there was no redundancy for many systems.

The Network continues to focus on increasing memberships to generate additional revenue. The total number of members increased in fiscal year 2022 to 13,128 compared to 11,677 in fiscal year 2021. There are 5,097 sustaining members, paying monthly for fiscal year 2022 compared to 4,445 in fiscal year 2021. Traditionally, sustainers contribute at higher levels and stay on the file longer than one-time donors. Both are important to the financial health of the Network.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

In fiscal year 2022, underwriting revenue experienced a 20% decline from fiscal year 2021. The Network is increasing efforts to sell underwriting on the Television main channel and the Create channel. Businesses have pulled back their advertising budgets significantly due to inflation and the uncertainty of the economy.

The Network purchased a one-year service, Free Will. It provides online access for people to include the Network in their estate plans. There are fifteen potential future bequests.

In fiscal year 2022, there was \$20 million of federal funding allocated through the Corporation for Public Broadcasting for the annual station interconnection account. This is the backbone of the public broadcasting system. It will provide support for nationwide emergency alerting and provide local stations with operational efficiencies through national programming and by connecting stations with one another. Additionally, the fiscal year 2022 appropriations bills provided \$525 million for the Corporation for Public Broadcasting in the two-year advance funding for fiscal year 2024, \$30.5 million for Ready to Learn and \$40 million for the new Next Generation Warning System at FEMA to fund improvements to the station infrastructure that helps distribute emergency alerts and warnings.

While fiscal year 2023 has not been finalized, the draft appropriations bills in the House and Senate include \$565 million for CPB's two-year advance in fiscal year 2025. In addition, the draft bills recommend \$60 million for interconnection, \$40 million for the Next Generations Warning System and \$30.5 million for Ready to Learn in the Senate bill, and \$32.5 million in the House bill.

The Network is forward funded by two years from the CPB. The CPB provides Community Service Grants (CSG) to every station, these funds are matched by locally raised funds by the stations. The CPB is a vital source of funding for the nation's public radio and TV stations in their efforts to serve local communities.

WCMU is receiving a funding cut of 15% in University appropriation for the operation of the Network in fiscal year 2023. This creates pressure on the Network's budget as it works to become more financially independent from the University. Reductions in University support have a subsequent negative impact on the funds allocated to the Network from the CPB. The University support is included in the calculation which determines the amount of the CPB Community Service Grant funding which reduces the federal appropriation. The CPB appropriation is based on the total amount of the Network's revenue which comes from a variety of sources, including underwriting, membership, grants, bequests, and the University allocation.

In fiscal year 2022, the Network used \$260,205 of CARES Act emergency stabilization funds to offset cuts from Central Michigan University. Funding received from the American Rescue Plan of \$716,235 remains available for fiscal year 2023 to be used to offset future anticipated cuts from the University.

Using the Financial Report

The Network's consolidated financial report includes three financial statements: the consolidated statement of net position, the consolidated statement of revenues, expenses, and changes in net position, and the consolidated statement of cash flows. The consolidated financial statements present focus on the financial condition, the results of operations, and cash flows of the Network as a whole. These consolidated financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

The consolidated statement of net position includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services or goods/products are provided and expenses and liabilities are recognized when others provide the service or product, regardless of when cash is exchanged.

The consolidated statement of revenues, expenses, and changes in net position presents the revenue earned and the expenses incurred during the year. Activities are reported as either operating, nonoperating or other revenue. The utilization of long-lived assets, referred to as capital assets, is reflected in the consolidated financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. The right-to use assets, referred to as lease assets, is reflected as amortization, which depreciates the value of the asset over the shorter of the lease term or the estimated useful life of the underlying asset.

The consolidated statement of cash flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Network during the year.

Consolidated Statement of Net Position

	2022	2021 (as Restated)	2020
Current assets	\$ 7,553,173	\$ 8,358,949	\$ 6,977,817
Noncurrent assets:			
Lease assets, Net	861,815	892,290	-
Capital assets, Net	7,252,227	7,479,692	8,031,706
Other	9,301,151	10,067,375	5,924,636
Total assets	24,968,366	26,798,306	20,934,159
Deferred outflows of resources	90,173	263,547	310,812
Current liabilities	396,777	371,581	333,358
Noncurrent liabilities	1,494,490	3,921,294	3,655,393
Total liabilities	1,891,267	4,292,875	3,988,751
Deferred inflows of resources	2,854,509	2,918,284	146,095
Total net position	<u>\$ 20,312,763</u>	<u>\$ 19,850,694</u>	<u>\$ 17,110,125</u>

Current assets consist of cash and cash equivalents, receivables, and prepaid expenses. Current assets totaled \$7.5 million at June 30, 2022 as compared to \$8.3 million at June 30, 2021 and \$7.0 million at June 30, 2020.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Fiscal year 2022 compared to 2021

- Cash and cash equivalents decreased \$0.6 million due mainly to an increase in purchases related to the rebuild of the TV Master Control operations and the TV Production Control. Accounts receivable decreased \$0.4 million due largely to the reimbursement of the FCC Rechannel Repack Reimbursement Program.

Fiscal year 2021 compared to 2020

- Cash and cash equivalents increased \$1.7 million due to reimbursement of the FCC Rechannel Repack Reimbursement Program and funding from the American Rescue Plan Act. Accounts receivable decreased \$0.6 million due largely to the reimbursement of the FCC Rechannel Repack Reimbursement Program. The addition of \$0.1 million in lease receivables was added due to the adoption of GASB Statement No. 87, *Leases*.

Noncurrent assets include capital assets, net of accumulated depreciation, leased assets, net of accumulated amortization, and endowment investments at fair value. Noncurrent assets totaled \$17.5 million at June 30, 2022 as compared to \$18.5 million at June 30, 2021 and \$14.0 million at June 30, 2020.

Fiscal year 2022 compared to 2021

- Capital assets net of accumulated depreciation decreased \$0.2 million primarily due to the purchase of capitalized equipment offset by annual depreciation expense. Refer to Note 3 for details regarding capital assets. Other noncurrent assets decreased \$0.8 million primarily due to endowment investment depreciation resulting from unfavorable market conditions.

Fiscal year 2021 compared to 2020

- Capital assets net of accumulated depreciation decreased \$0.5 million primarily due to fewer new capitalized equipment purchases compared to the prior year offset by annual depreciation expense. Refer to Note 3 for details regarding capital assets. The addition of \$0.9 million in leased assets, net of accumulated amortization was added due to the adoption of GASB Statement No. 87, *Leases*. Other noncurrent assets increased \$4.1 million primarily due to an increase in the market value of endowment investments and the addition of \$2.8 million in long-term lease receivables due to the adoption of GASB Statement No. 87, *Leases*.

Current Liabilities include accounts payable, accrued payroll, unearned revenue, the current portion of the long-term obligations payable within the next twelve months, and the current portion of the long-term lease obligations payable within the next twelve months. Current liabilities totaled \$0.4 million at June 30, 2022 as compared to \$0.4 million at June 30, 2021 and \$0.3 million at June 30, 2020. Current liabilities remained consistent with fiscal year 2021.

Noncurrent liabilities include compensated absences for employees, long-term debt, long-term lease liability and net pension and net OPEB liability as required by GASB 68 and GASB 75, respectively. Noncurrent liabilities totaled \$1.5 million at June 30, 2022 as compared to \$3.9 million at June 30, 2021 and \$3.7 million at June 30, 2020. Fiscal year 2022 decreased \$2.4 million primarily due to a decrease in net pension and OPEB liability.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Net position represents the difference between the Network's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Total net position at June 30 is summarized as follows:

	2022	2021 (as Restated)	2020
Restricted - Nonexpendable	\$ 2,823,068	\$ 2,798,245	\$ 2,780,530
Restricted - Expendable	1,917,123	2,077,449	1,223,913
Unrestricted	8,591,188	7,830,155	5,467,605
Net investment in capital assets	6,981,384	7,144,845	7,638,077
Total net position	\$ 20,312,763	\$ 19,850,694	\$ 17,110,125

Fiscal year 2022 compared to 2021

- Net position increased \$0.5 million. Restricted - nonexpendable remained consistent with fiscal year 2021. Restricted - expendable decreased \$0.2 million due to a decrease in the market value of endowment investments. Unrestricted increased \$0.8 million due to the decrease in the Network's proportionate share of the pension and OPEB liability related to the Michigan Public School Employee's Retirement System (MPERS) plan. Net investment in capital assets decreased \$0.1 million due largely to the purchase of capitalized equipment offset by annual depreciation and amortization expense.

Fiscal year 2021 compared to 2020

- Net position increased \$2.7 million. Restricted - nonexpendable remained consistent with fiscal year 2020. Restricted - expendable increased \$0.9 million due to an increase in the market value of endowment investments. Unrestricted increased \$2.3 million due to an increase in the market value of endowment investments, American Rescue Plan Act funding, the adoption of GASB Statement No. 87, Leases, and a decrease in the Network's proportionate share of the pension and OPEB liability related to the Michigan Public School Employee's Retirement System (MPERS) plan. Net investment in capital assets decreased \$0.5 million due largely to fewer equipment purchases compared to prior years offset by annual depreciation expense.

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Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Consolidated Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021 (as Restated)	2020
Operating Revenues			
University support - Operating	\$ 2,536,071	\$ 3,305,176	\$ 3,255,814
Community service grants	1,417,746	1,279,825	1,230,272
Outreach grants	89,106	27,779	48
Contributions and underwriting	2,965,367	3,053,929	2,628,595
Other operating revenues	218,316	407,887	708,758
Total operating revenues	7,226,606	8,074,596	7,823,487
Operating Expenses	6,777,728	7,888,180	8,951,992
Operating Income (Loss)	448,878	186,416	(1,128,505)
Nonoperating Revenues (Expenses)			
Governmental Coronavirus support programs	-	763,830	372,341
Investment (loss) income - Net of expenses	(392,047)	1,551,713	114,592
Interest on capital assets related debt	(53,028)	(57,522)	(4,637)
Other nonoperating revenue	368,411	354,356	-
Total nonoperating revenues (expenses)	(76,664)	2,612,377	482,296
Income (Loss) Before Other	372,214	2,798,793	(646,209)
Other			
Capital grants/contracts	49,655	(63,610)	1,220,215
Additions to permanent endowments	40,200	5,386	24,337
Total Other	89,855	(58,224)	1,244,552
Increase in Net Position	462,069	2,740,569	598,343
Net Position			
Net Position - Beginning of year	19,850,694	17,110,125	16,511,782
Net Position - End of year	\$ 20,312,763	\$ 19,850,694	\$ 17,110,125

Operating revenues for fiscal years ended June 30, 2022, 2021, and 2020 was \$7.2 million, \$8.1 million, and \$7.8 million, respectively.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Fiscal year 2022 compared to 2021

- University operating support decreased \$0.8 million due mainly to budget reductions in University's operating support compared to fiscal year 2021 and completion of plant projects funded by the University. Contributions remained consistent with fiscal year 2021. Community service grants and outreach grants increased \$0.2 million due to an increase in grant funding. Underwriting decreased \$0.1 million due to decreased underwriting contracts in fiscal year 2022. Rents and royalties and other operating revenue decreased \$0.2 million mainly due to a decrease in royalties.

Fiscal year 2021 compared to 2020

- University operating support, community service grants and outreach grants remained consistent with fiscal year 2020. Contributions increased \$0.4 million due to increased donations in fiscal year 2021. Underwriting increased \$0.1 million due to increased underwriting contracts in fiscal year 2021. Rents and royalties and other operating revenue decreased \$0.3 million primarily due to the adoption of GASB Statement 87, *Leases*.

Operating expenses for fiscal year 2022 totaling \$6.8 million include compensation and benefits of \$2.9 million, supplies of \$2.7 million, utilities of \$0.4 million, and depreciation and amortization of \$0.8 million.

A comparative summary of the Network's expenses for the years ended June 30 is as follows:

	2022	2021 (as Restated)	2020
Compensation and benefits	\$ 2,914,146	\$ 2,989,287	\$ 2,909,362
Supplies	2,721,213	3,806,330	4,786,351
Utilities	341,438	330,484	325,507
Depreciation and amortization	800,931	762,079	930,772
Total operating expenses	\$ 6,777,728	\$ 7,888,180	\$ 8,951,992

Fiscal year 2022 compared to 2021

- Supplies decreased \$1.1 million primarily due to the decrease in expense to support the unfunded portion of the Michigan Public School Employee's Retirement System (MPERS) pension and OPEB plan.
- Compensation and benefits, utilities, and depreciation and amortization remained consistent with fiscal year 2021.

Fiscal year 2021 compared to 2020

- Supplies decreased \$1.0 million primarily due to the decrease in expense to support the unfunded portion of the Michigan Public School Employee's Retirement System (MPERS) pension and OPEB plan and the adoption of GASB Statement No. 87, *Leases*. Depreciation and amortization decreased \$0.1 million due to assets becoming fully depreciated, the retirement of assets in fiscal year 2020, and the adoption of GASB Statement No. 87, *Leases*.
- Compensation and benefits and utilities remained consistent with fiscal year 2020.

Central Michigan University Public Broadcasting Network

Management's Discussion and Analysis - Unaudited (Continued)

Consolidated Statement of Cash Flows

	2022	2021 (as Restated)	2020
Cash received from operations	\$ 6,146,799	\$ 6,720,047	\$ 6,542,649
Cash expended for operations	(7,052,732)	(6,474,691)	(5,796,903)
Net cash (used) provided by operating activities	(905,933)	245,356	745,746
Net cash provided by noncapital financing activities	43,438	769,216	396,678
Net cash (used) provided by capital financing activities	(13,616)	473,821	(538,428)
Net cash provided by investing activities	239,591	198,969	222,856
Net (decrease) increase in cash and cash equivalents	(636,520)	1,687,362	826,852
Cash and cash equivalents at beginning of year	7,028,569	5,341,207	4,514,355
Cash and cash equivalents at end of year	\$ 6,392,049	\$ 7,028,569	\$ 5,341,207

Summary

The Network operated within available resources during the year. Major sources of revenue to fund operations included the general University support, contributions and underwriting, and support from the Corporation for Public Broadcasting. Expenses were limited to correspond with available revenue.

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Central Michigan University Public Broadcasting Network

Consolidated Statement of Net Position

	Year Ended June 30	
	2022	2021 (as Restated)
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 6,392,049	\$ 7,028,569
Accounts receivable	110,346	467,632
Pledges receivable - Net	620,823	552,524
Lease receivable - Current portion	134,586	120,841
Prepaid expenses	295,369	189,383
Total current assets	7,553,173	8,358,949
Noncurrent assets:		
Lease receivable	2,655,409	2,789,995
Endowment investments (Note 2)	6,645,742	7,277,380
Lease assets - Net (Note 13)	861,815	892,290
Capital assets - Net (Note 3)	7,252,227	7,479,692
Total noncurrent assets	17,415,193	18,439,357
Total assets	24,968,366	26,798,306
Deferred Outflows of Resources	90,173	263,547
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (Note 4)	133,183	100,375
Accrued payroll (Note 4)	85,177	81,156
Unearned revenue	77,671	81,930
Long-term liabilities - Current portion (Note 5)	769	13,641
Lease liabilities - Current portion (Note 13)	(710)	(1,414)
Current portion due to CMU (Note 6)	100,687	95,893
Total current liabilities	396,777	371,581
Noncurrent liabilities:		
Long-term liabilities (Note 5)	105,171	104,271
Lease liabilities (Note 13)	926,959	926,249
Due to CMU (Note 6)	105,722	206,409
Net pension liability (Note 8 & 14)	335,663	2,489,044
Net OPEB liability (Note 8 & 14)	20,975	195,321
Total noncurrent liabilities	1,494,490	3,921,294
Total liabilities	1,891,267	4,292,875
Deferred Inflows of Resources	2,854,509	2,918,284
Net Position		
Net investment in capital assets	6,981,384	7,144,845
Restricted for:		
Nonexpendable	2,823,068	2,798,245
Expendable	1,917,123	2,077,449
Unrestricted	8,591,188	7,830,155
Total net position	\$ 20,312,763	\$ 19,850,694

Central Michigan University Public Broadcasting Network

Consolidated Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2022	2021 (as Restated)
Revenues		
Operating revenues:		
University appropriations - Operations	\$ 1,625,674	\$ 1,736,956
University additional support - Operations	22,823	416,025
University administrative support - Operations	887,574	1,152,195
Contributions and pledges, net of allowance	2,564,577	2,567,213
Community service grants	1,417,746	1,279,825
Outreach grants	89,106	27,779
Program underwriting and pledges	395,790	481,716
Production underwriting	5,000	5,000
Rents and royalties	83,251	264,882
In-kind support	117,834	108,691
Other operating revenues	17,231	34,314
Total operating revenues	7,226,606	8,074,596
Expenses		
Operating expenses:		
Programming and local production	2,718,747	2,398,885
Broadcasting	496,018	2,218,277
Program information	540,735	318,630
Fundraising	1,425,275	1,432,167
Management and general	796,022	758,142
Depreciation and amortization	800,931	762,079
Total operating expenses	6,777,728	7,888,180
Operating Income	448,878	186,416
Nonoperating Revenues (Expenses)		
Governmental Coronavirus support programs	-	763,830
Investment (loss) income, net of expenses	(392,047)	1,551,713
Interest on capital assets related debt	(53,028)	(57,522)
Gain on disposal of capital assets	40,489	25,000
Transfers from University	3,238	-
Other nonoperating revenues	324,684	329,356
Total nonoperating revenues (expenses)	(76,664)	2,612,377
Income Before Other	372,214	2,798,793
Other		
Capital grants/contracts	49,655	(63,610)
Additions to permanent endowments	40,200	5,386
Total Other	89,855	(58,224)
Increase in Net Position	462,069	2,740,569
Net Position		
Net Position - Beginning of year	19,850,694	17,110,125
Net Position - End of year	\$ 20,312,763	\$ 19,850,694

Central Michigan University Public Broadcasting Network

Consolidated Statement of Cash Flows

	Year Ended June 30	
	2022	2021
		(as Restated)
Cash Flows from Operating Activities		
Grants from CPB	\$ 1,417,746	\$ 1,279,825
Research grants and contracts	84,833	91,834
Payments to suppliers	(3,881,476)	(3,308,714)
Payments for utilities	(333,759)	(333,895)
Payments to employees	(2,039,934)	(2,026,704)
Payments for benefits	(797,563)	(805,378)
Contributions	2,469,336	2,478,266
Underwriting	427,732	418,853
Rents and royalties	85,420	266,008
General University support	1,648,497	2,152,981
Other receipts	13,235	32,280
Net cash (used) provided by operating activities	(905,933)	245,356
Cash Flows from Noncapital Financing Activities		
Governmental Coronavirus support programs	-	763,830
Transfers from University	3,238	-
Private gifts for endowment purposes	40,200	5,386
Net cash provided by noncapital financing activities	43,438	769,216
Cash Flows from Capital Financing Activities		
Capital grants/contracts received	458,712	463,108
Principal paid on capital debt	(95,893)	(91,327)
Interest paid on capital debt	(15,115)	(19,681)
Principal paid on leases	1,414	2,070
Interest paid on leases	(37,913)	(37,841)
Other receipts leases	237,681	230,980
Purchases of capital assets	(562,502)	(98,488)
Gain on disposal of capital assets	-	25,000
Net cash (used) provided by capital financing activities	(13,616)	473,821
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	52,842	49,315
Investment income	255,789	407,562
Purchases of investments	(63,864)	(50,906)
Endowment pool investments net proceeds (purchases)	(5,176)	(207,002)
Net cash provided by investing activities	239,591	198,969
Net (Decrease) Increase in Cash and Cash Equivalents	(636,520)	1,687,362
Cash and Cash Equivalents - Beginning of year	7,028,569	5,341,207
Cash and Cash Equivalents - End of year	\$ 6,392,049	\$ 7,028,569

Central Michigan University Public Broadcasting Network

Consolidated Statement of Cash Flows

	Year Ended June 30	
	2022	2021 (as Restated)
Reconciliation of Net Operating Income to Net		
Cash (Used) Provided by Operating Activities		
Operating Income	\$ 448,878	\$ 186,416
Adjustments to reconcile operating income to net cash (used) provided by operating activities:		
Depreciation and amortization expense	800,931	762,079
Other non-cash transactions	2,080	
Change in assets and liabilities:		
Receivables - Net	(62,150)	(160,243)
Prepaid expenses	(105,986)	(20,506)
Accounts payable and accrued liabilities	32,808	(47,684)
Accrued payroll	4,021	11,995
Unearned revenue	(4,259)	65,555
Compensated absences	(9,870)	1,433
Net pension liability	(2,153,381)	(332,356)
Deferred outflows / inflows of resources - Pension	254,181	5,096
Net OPEB liability	(174,346)	(227,506)
Deferred outflows / inflows of resources - OPEB	63,262	1,898
Other obligations	(2,102)	(821)
Net cash (used) provided by operating activities	<u><u>\$ (905,933)</u></u>	<u><u>\$ 245,356</u></u>

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 1 - Industry Information and Significant Accounting Policies

Reporting Entity - Central Michigan University, Mount Pleasant, Michigan (the "University" or CMU) operates the not-for-profit television and radio stations of Central Michigan University Public Broadcasting Network (the "Network"), through the Department of Public Broadcasting under licenses granted to the board of trustees of the University. These stations are identified by the following call letters:

WCMU-DT and WCMU-FM, Mount Pleasant
WCMV-DT, Cadillac
WCMW-DT, Manistee
WCML-DT and WCML-FM, Alpena
WUCX-FM, Bay City
WCMW-FM, Harbor Springs
WCMB-FM, Oscoda
WCMZ-FM, Sault Sainte Marie
WWCM-FM, Standish
W236BU-FM, Traverse City
WCMV-FM, Leland

WUCX-FM, Bay City, is operated jointly by Central Michigan University and Delta College. For 2022 and 2021, the financial statements of Delta College WUCX-FM have been audited separately and combined with Central Michigan University Public Broadcasting Network in these consolidated financial statements. Interorganizational transactions have been eliminated. See Note 14 for disclosures related to Delta College WUCX-FM financial statements.

Only WCMU-DT and WCMU-FM are funded by the Corporation for Public Broadcasting (CPB). However, the operations of all of the stations have been combined for financial reporting purposes, as allowed by the CPB.

On June 25, 2021, Central Michigan University Board of Trustees, the FCC license holder of W236BU-FM, sold the station's rights to broadcast on channel 95.1. The proceeds from the sale of the broadcast rights were recorded in fiscal year 2021 as part of the Network's revenue.

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Note 1 - Industry Information and Significant Accounting Policies (Continued)

Basis of Presentation - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and the Corporation for Public Broadcastings' *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

The Network follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*. This statement requires the following components of the Network's consolidated financial statements:

- Management's discussion and analysis
- Basic consolidated financial statements including a Consolidated Statement of Net Position, Consolidated Statement of Revenues, Expenses, and Changes in Net Position, and Consolidated Statement of Cash Flows for the Network as a whole
- Notes to the consolidated financial statements

GASB Statement No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation, leased assets, net of accumulated amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted:
 - Nonexpendable - Net position subject to externally imposed constraints that they be maintained permanently by the Network. Such assets include the Network's permanent endowment funds.
 - Expendable - Net position whose use by the Network is subject to externally imposed constraints that can be fulfilled by actions of the Network pursuant to those constraints or that expire by the passage of time.
- Unrestricted: Net positions that are not subject to externally imposed constraints. Unrestricted net positions may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Basis of Accounting - The accompanying consolidated financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Cash and Cash Equivalents and Investments - Cash and cash equivalents and marketable securities are held by Central Michigan University or Delta College funds. The amounts reflected in the accompanying consolidated statement of net position represent the amounts due to the Network from the University's pooled cash and investments. Investments are stated at fair value.

Accounts Receivable - Accounts receivable at June 30, 2022 and 2021 include tower rent-related receivables, lease receivables, grant receivables and receivables for services performed. Accounts receivable are deemed fully collectible.

Leased Assets - Right-to-use assets are stated at the present value of payments expected to be made during the lease term using a discount rate.

Amortization is provided for leased assets over the shorter of the lease term or the estimated useful life of the underlying asset.

Capital Assets - Institutional capital assets are stated at cost when purchased and at appraised value for other acquisitions. Building additions and improvements with a cost in excess of \$50,000 are capitalized if the life of the building is extended. Equipment with a cost in excess of \$5,000 with a useful life greater than one year is capitalized. Donated capital assets are recorded at their acquisition value as of the date received.

Depreciation is provided for capital assets on a straight-line basis over the estimated useful life of the property as follows:

Classification	Life
Buildings and Improvements more than \$100,000	40 years
Buildings and Improvements \$50,000 to \$100,000	10 years
Intangible Assets	40 years or indefinite
Equipment - Digital TV	20 years
Equipment	8 years
Vehicles	4 years

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Unearned Revenue - Unearned revenue represents tower lease revenue and grant revenue that will be recognized by the Network during the year in which it is earned.

Administrative Support - Administrative support from the University consists of that portion of the indirect costs incurred by the University and attributable to the Network's operations (such as personnel services, purchasing, and payables). Administrative support is calculated and recorded as revenue and expense using methods mandated by the CPB.

Revenue Recognition - Revenue is recognized when earned and expenditures are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended. Operating revenue of the Network consists of general appropriations from the University, contributions, community service grants from the CPB, outreach grants, underwriting and auxiliary enterprise revenue. Nonoperating revenue of the Network consists of investing activities, capital contributions, capital grants, lease revenue and expenses and Governmental Coronavirus support programs funding. Restricted and unrestricted resources are spent and tracked at the station level within the guidelines of donor restrictions.

Contributions and Pledges - Voluntary nonexchange transactions (pledges) are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded net of allowance for uncollectible pledges.

Pensions and Other Post-Employment Benefits (OPEB) - For purposes of measuring the net pension and other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Compensated Absences - Network employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at death, retirement or termination. Unused hours exceeding these limitations are forfeited.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Deferred Outflows of Resources - In addition to assets, the consolidated statement of net position reports a separate section for deferred outflows of resources. This separate consolidated financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Network's deferred outflows of resources related to the net pension liability were \$64,756 and \$199,123 as of June 30, 2022 and 2021, respectively. The Network's deferred outflows of resources related to the net other post-employment benefits (OPEB) liability were \$25,417 and \$64,424 as of June 30, 2022 and 2021, respectively. See Notes 8 and 14 for more information.

Deferred Inflows of Resources - In addition to liabilities, the consolidated statement of net position reports a separate section for deferred inflows of resources. This separate consolidated financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Network's deferred inflows of resources related to the net pension liability were \$159,746 and \$39,932 as of June 30, 2022 and 2021, respectively. The Network's deferred inflows of resources related to the net OPEB liability were \$90,147 and \$65,892 as of June 30, 2022 and 2021, respectively. See Notes 8 and 14 for more information. At June 30, 2022 and 2021, respectively, deferred inflows related to leasing agreements was \$2,604,616 and \$2,812,460. See Note 13 for additional information on leases.

Adoption of New Standards - During the current year, the Network adopted GASB Statement No. 87, *Leases*. As a result, the Network's statements now include a liability for the present value of payments expected to be made and right-to-use assets as well as receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease agreement. Lease activity is further described in Note 13. The financial statements for the year ended June 30, 2021 have been restated in order to adopt GASB Statement No. 87.

The effect of this new standard on net position was as follows:

	June 30, 2021
Net Position - As previously reported	\$ 19,784,863
Adjustment for GASB Statement No. 87	65,831
Net Position - As restated	<u>\$ 19,850,694</u>

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Significant Events Impacting the Network

The Network continues to experience the financial impact of COVID-19 even with the decline in the number of cases being reported. The aftermath of COVID-19 has driven inflation up, which has had a significant impact on the Network and the Network's supporters. Local businesses have been affected by inflation limiting their ability to support the Network through underwriting. Discretionary dollars available in the central and northern Michigan area will affect the ability of individuals, businesses, industry and foundation donors to invest in this public, non-commercial service. The Network continues to use the one-time funding received from the American Rescue Plan Act until the monies are fully expended. The Network continues to work on initiatives to generate more revenue in an effort to be more financially independent.

Note 2 - Cash and Cash Equivalents and Endowment Investments

The Network considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Network's deposits and investments are included on the consolidated statement of net position under the following classifications as of June 30:

	2022	2021
Cash and cash equivalents	\$ 6,392,049	\$ 7,028,569
Endowment investments	6,645,742	7,277,380
Total	<u>\$ 13,037,791</u>	<u>\$ 14,305,949</u>

The above amounts are classified by GASB Statement No. 3 in the following categories at June 30:

	2022	2021
Deposits in pooled accounts (checking accounts, savings accounts, and certificates of deposit)	\$ 6,392,049	\$ 7,028,569
Investments in pooled accounts	6,645,742	7,277,380
Total	<u>\$ 13,037,791</u>	<u>\$ 14,305,949</u>

Deposits in Pooled Accounts - The University invests and manages cash collectively by pooling cash reserves, including cash of the Network. It is not practicable to determine the amount reflected in the accounts of the banks (without recognition of checks written but not cleared, or of deposits in transit) or the amount of federal depository insurance that is applicable to the Network's portion of the pooled deposits as of June 30, 2022 or 2021. A portion of the Network's cash is deposited in interest-bearing accounts.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 2 - Cash and Cash Equivalents and Endowment Investments (Continued)

Endowment Investments in Pooled Accounts - The Network has received certain contributions that have been designated for use as endowments. Such assets are pooled with and held within the University's Endowment Fund and are invested in brokerage account cash money funds, U.S. Treasury bills, notes and bonds, and debt and equity securities. The Network's investments are stated at fair value based upon market quotations. At June 30, 2022 and 2021, the fair value of the Network's investments was \$6,645,742 and \$7,277,380, respectively. Information as to amount by investment type and associated risks is included in the notes to the financial statements for Central Michigan University and Delta College.

Donor-restricted Endowments - Under Michigan Law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 (UPMIFA), the University Board acts in a fiduciary capacity as trustee of its endowment funds. The UPMIFA requires the University Board to exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purposes of the specific endowment regarding current expenditures and preservation of purchasing power of the funds. Endowment realized and unrealized appreciation is reported consistently with the net position categorization of the related endowment, net of spending policy distributions.

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Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 3 - Capital Assets

	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Land	\$ 197,598	\$ -	\$ -	\$ 197,598
Buildings	7,412,335	-	131,496	7,280,839
Furniture and equipment	14,378,168	526,827	53,904	14,851,091
Intangible assets	731,548	-	-	731,548
Construction in progress	-	35,675	-	35,675
Total	22,719,649	562,502	185,400	23,096,751
Less accumulated depreciation:				
Buildings	4,599,825	118,221	111,985	4,606,061
Furniture and equipment	10,428,363	644,455	53,904	11,018,914
Intangible assets	211,769	7,780	-	219,549
Total	15,239,957	770,456	165,889	15,844,524
Capital assets - Net	\$ 7,479,692	\$ (207,954)	\$ 19,511	\$ 7,252,227

	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021
Land	\$ 197,598	\$ -	\$ -	\$ 197,598
Buildings	7,412,335	-	-	7,412,335
Furniture and equipment	14,204,478	179,590	5,900	14,378,168
Intangible assets	731,548	-	-	731,548
Total	22,545,959	179,590	5,900	22,719,649
Less accumulated depreciation:				
Buildings	4,478,536	121,289	-	4,599,825
Furniture and equipment	9,831,728	602,535	5,900	10,428,363
Intangible assets	203,989	7,780	-	211,769
Total	14,514,253	731,604	5,900	15,239,957
Capital assets - Net	\$ 8,031,706	\$ (552,014)	\$ -	\$ 7,479,692

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 4 - Accounts Payable, Accrued Liabilities, and Accrued Payroll

Accounts payable and accrued liabilities represent amounts due at June 30 for goods and services received prior to the end of the fiscal year. Accounts payable, accrued liabilities, and accrued payroll at June 30 were as follows:

	2022	2021
Vendors	\$ 133,183	\$ 100,375
Accrued payroll	85,177	81,156
Total	<u>\$ 218,360</u>	<u>\$ 181,531</u>

Note 5 - Long-term Liabilities

Long-term liabilities at June 30 were as follows:

	Beginning Balance July 1, 2021	Change	Ending Balance June 30, 2022	Current Portion
Compensated absences	\$ 115,041	\$ (9,870)	\$ 105,171	\$ -
Other obligations	2,871	(2,102)	769	769
Total	<u>\$ 117,912</u>	<u>\$ (11,972)</u>	<u>\$ 105,940</u>	<u>\$ 769</u>

	Beginning Balance July 1, 2020	Change	Ending Balance June 30, 2021	Current Portion
Compensated absences	\$ 113,608	\$ 1,433	\$ 115,041	\$ 10,770
Other obligations	3,692	(821)	2,871	2,871
Total	<u>\$ 117,300</u>	<u>\$ 612</u>	<u>\$ 117,912</u>	<u>\$ 13,641</u>

Other obligations represent the value of outstanding advertising credits issued by the Network.

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Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 6 – Due to CMU

The Network acquired WCFX-FM from Northern Michigan Radio, Inc on April 30, 2020. The call letters were immediately changed to WCMV-FM. The purchase price was \$500,000 and included primarily the FCC license, antenna, transmitter and transmitter building. The station was incorporated into the Network and carries the same programming as the other stations. The acquisition expanded the radio coverage area into Traverse City and surrounding areas in northern Michigan. The purchase was financed by a loan from Central Michigan University to the Network which is being repaid over five years at an annual interest rate of 5.0%. The Network paid \$95,893 against the \$500,000 principal and \$15,115 in interest during the year ended June 30, 2022. The principal balance of \$206,409 and interest due to the University in each succeeding two years ending June 30 and thereafter are as follows:

	Principal	Interest	Total
2023	\$ 100,687	\$ 10,321	\$ 111,008
2024	105,722	5,286	111,008
Total	<u>\$ 206,409</u>	<u>\$ 15,607</u>	<u>\$ 222,016</u>

Note 7 - Operating Expenses

Operating expenses by natural classification at June 30 were as follows:

	2022	2021 (as Restated)
Salaries, wages, and benefits	\$ 2,914,146	\$ 2,989,287
Supplies and support services	3,062,651	4,136,814
Depreciation and amortization	800,931	762,079
Total operating expenses	<u>\$ 6,777,728</u>	<u>\$ 7,888,180</u>

Note 8 - Retirement Plans

The information in this note pertains to the retirement plans offered by the University to employees of the Network who work at Central Michigan University. Delta College employees of WUCX-FM, which is operated jointly by Central Michigan University and Delta College, are covered under the Delta College retirement plans. See Note 14 for more information on Delta College.

The Network's employees are included in retirement plans funded by the University either through the Teachers Insurance and Annuity Association (TIAA) or the Michigan Public School Employees Retirement System. See the notes to the University's financial statements for details of these plans.

Total retirement expense for the Network for the years ended June 30, 2022 and 2021 was \$329,983 and \$336,939, respectively.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

Michigan Public School Employees Retirement System - The Network, through the University, participates in the Michigan Public School Employees Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers some employees of the University and therefore, some of the employees of the Network. Employees hired on or after January 1, 1996 cannot participate in MPERS unless they were previously enrolled in the plan at another participating university or college.

The Michigan Public School Employees Retirement System issues a publicly available financial report that is available on the web at <http://www.michigan.gov/orsschools>.

Contributions - Public Act 300 of 1980, as amended, requires the University to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature.

The University's contributions are determined based on employee elections. There are four different benefit options included in the plan available to employees based on date of hire.

The University also contributes to MPERS a percentage of member and non-member payrolls, determined by the plan's actuaries, for the unfunded portion of future pensions. Contribution rates are adjusted annually by the ORS. The rates for the defined benefit plan are as follows:

	Normal Pension Cost	Unfunded Pension Rate	Normal Health Rate	Unfunded Health Rate
10/01/21 - 06/30/22	6.52%	19.86%	0.92%	5.87%
10/01/20 - 09/30/21	6.52%	19.74%	0.92%	5.99%
07/01/20 - 09/30/20	6.29%	19.74%	0.58%	5.99%

Employees starting between January 1, 1990 and December 31, 1995 are required to contribute between 3.0 percent and 6.29 percent of their annual pay. During the period from February 1, 2013 through June 30, 2013, employees could transition to a defined contribution plan.

As of June 30, 2022 the Network no longer had any employees eligible to participate in the MPERS plan, therefore the Network reported no proportionate share of the University's statutorily required contributions for pension. The Network's proportionate share of the University's statutorily required contributions for pension as of June 30, 2021 was \$136,092.

Benefits Provided - Benefit provisions of the defined benefit pension plan also are established by State statute. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Note 8 - Retirement Plans (Continued)

Depending on the plan option selected, member retirement benefits are calculated as final average compensation, times years of service, times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire begin at the age of 55 with years of service ranging from 10 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are not payable immediately without an actuarial reduction.

Benefits may transfer to a beneficiary upon death, and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Net Pension Liability, Deferrals, and Pension Expense – As of June 30, 2022, none of the University's net pension liability was allocated to the Network due to the Network having no plan eligible employees. At June 30, 2021, the Network reported a liability of \$2,023,919 for its allocated share of the University's net pension liability. The net pension liability for fiscal year 2021 was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, that used updated procedures to roll forward the estimated liability to September 30, 2020. The University's proportion of the net pension liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2021, September 30, 2020 and September 30, 2019, the University's proportion was 24.78 percent, 24.74 percent and 24.58 percent, respectively, of the University's reporting unit. The amount the University allocated to the Network is based on the number of the Network's employees covered by MPSERS as a percentage of the University's total number of employees covered by MPSERS. At June 30, 2022, the Network had no employees covered by MPSERS, so the Network had no allocation of the University's portion of MPSERS. As of June 30, 2021, and June 30, 2020, the Network's allocation of the University's proportion was 1.20 percent and 1.44 percent, respectively.

For the year ended June 30, 2022, the Network did not recognize a portion of the University's pension expense due to there being no employees eligible to participate in the plan, however the Network recorded an expense of \$(1,919,065) in order to remove the pension liability for the Network. At June 30, 2021, the Network's portion of the University's recognized pension expense was \$164,468.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

At June 30, 2022, and June 30, 2021, the Network reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual plan investment earnings	\$ -	\$ -	\$ 2,574	\$ -
Contributions subsequent to the measurement date	-	-	102,281	-
Total	\$ -	\$ -	\$ 104,855	\$ -

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Discount Rate - The discount rate used to measure the total pension liability was 6.80 percent at September 30, 2021 and 6.80 percent at September 30, 2020. The discount rate used to measure the total OPEB liability was 6.95 percent at September 30, 2021 and 6.95 percent at September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and total OPEB liability. As of June 30, 2022 the Network no longer had any employees eligible to participate in the MPSERS plan, causing the Network to have no proportionate share of pension and OPEB liability.

The following presents the allocated net pension liability of the Network, calculated using the current discount rate of 6.80 percent as of June 30, 2022 and June 30, 2021, as well as what the Network's allocated net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1.00 Percent Decrease	Current Discount Rate	1.00 Percent Increase
June 30, 2022	\$ -	\$ -	\$ -
June 30, 2021	\$ 2,371,910	\$ 2,023,919	\$ 1,727,154

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

Postemployment Benefits Other Than Pensions (OPEB)

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. The MPSERS Board of trustees annually sets the employer contribution rate to fund the benefits.

Under Public Act 300 of 2012, during the period February 1, 2013 through June 30, 2013 employees could elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election.

As of June 30, 2022 the Network no longer had any employees eligible to participate in the MPSERS plan, therefore the Network reported no proportionate share of the University's statutorily required contributions for OPEB. The Network's proportionate share of the University's statutorily required contributions for OPEB as of June 30, 2021 was \$40,068.

At June 30, 2022, none of the University's net OPEB liability was allocated to the Network due to the Network having no plan eligible employees. At June 30, 2021, the Network reported a liability of \$125,394 for its allocated share of the University's net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 20, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used updated procedures to roll forward the estimated liability to September 30, 2020. The University's proportion of the net OPEB liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2021, September 30, 2020 and September 30, 2019, the University's proportion was 24.75 percent, 24.78 percent and 24.78 percent, respectively, of the universities reporting unit. The amount the University allocated to the Network is based on the number of the Network's employees covered by MPSERS. At June 30, 2022, the Network had no employees covered by MPSERS, so the Network had no allocation of the University's portion of MPSERS. As of June 30, 2021, and June 30, 2020, the Network's allocation of the University's proportion was 1.20 percent and 1.44 percent, respectively.

For the year ended June 30, 2022, the Network did not recognize a portion of the University's OPEB expense due to there being no employees eligible to participate in the plan, however the Network recorded an expense of \$(95,418) in order to remove the OPEB liability for the Network. At June 30, 2021, the Network's portion of the University's recognized OPEB expense was \$(125,834).

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Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

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

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 3,416
Changes of assumptions	-	-	612	-
Net difference between projected and actual plan investment earnings	-	-	2,609	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	1	3
Contributions subsequent to the measurement date	-	-	30,172	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,394</u>	<u>\$ 3,419</u>

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the Network, calculated using the discount rate of 6.95 percent as of June 30, 2022 and June 30, 2021, as well as what the Network's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate.

	1.00 Percent Decrease	Current Discount Rate	1.00 Percent Increase
June 30, 2022	\$ -	\$ -	\$ -
June 30, 2021	\$ 187,461	\$ 125,394	\$ 72,496

Sensitivity of the net OPEB liability to changes in the Healthcare Cost Trend Rate:

The following presents the net OPEB liability of the Network, calculated using the current healthcare cost trend rate of 7.75 percent for Pre-65 and 5.25 percent for Post-65 year old individuals as of June 30, 2022 and 7.00 percent as of June 30, 2021, as well as what the Network's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1.00 Percent Decrease	Current Healthcare Cost Trend Rate	1.00 Percent Increase
June 30, 2022	\$ -	\$ -	\$ -
June 30, 2021	\$ 69,007	\$ 125,394	\$ 189,929

Actuarial Assumptions - The total pension and OPEB liabilities measured as of September 30, 2021 are based on the results of an actuarial valuation date of September 30, 2020 and rolled forward using generally accepted actuarial procedures.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

Actuarial cost method	Entry age, normal cost
Assumed rate of return	6.80 percent, net of investment expenses based on the groups (Pension)
	6.95 percent, net of investment expenses based on the groups (OPEB)
Salary increases	2.75-11.55 percent, including wage inflation of 2.75%
Cost of Living Pension Adjustment	3% Annual Non-compounded for MIP members
Healthcare cost trend rate	Pre-65 7.75 percent, year 1 graded to 3.5% year 15; 3.00% year 120
	Post-65 5.25 percent, year 1 grade to 3.5% year 15; 3.00% year 120
Mortality basis	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions ¹	
Opt Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

¹Applies to individuals hired before September 4, 2012

Note 8 - Retirement Plans (Continued)

The actuarial assumptions used for the September 30, 2020 valuation were based on the results of an actuarial experience study for the periods 2012 through 2017.

For 2021, the healthcare cost trend rate changed to an age rate, increasing 0.75% for pre-65 and decreasing by 1.75% for post-65 year old individuals.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately \$8.1 billion and the total plan's net OPEB liability by approximately \$1.1 billion.

The total pension and OPEB liabilities measured as of September 30, 2020 are based on the results of an actuarial valuation date of September 30, 2019 and rolled forward using generally accepted actuarial procedures.

Actuarial cost method	Entry age, normal cost
Assumed rate of return	6.80 percent, net of investment expenses based on the groups (Pension)
	6.95 percent, net of investment expenses based on the groups (OPEB)
Salary increases	2.75-11.55 percent, including wage inflation of 2.75%
Cost of Living Pension Adjustment	3% Annual Non-compounded for MIP members
Healthcare cost trend rate	7.00 percent, year 1 graded to 3.5% year 15; 3.00% year 120
Mortality basis	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled at 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled at 100 percent and adjusted for mortality improvements using projection scale MP-2017 from 2006.

The actuarial assumptions used for the September 30, 2019 valuation were based on the results of an actuarial experience study for the periods 2012 through 2017.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 8 - Retirement Plans (Continued)

There were no significant changes to the benefit terms of the pension or OPEB plans since the prior measurement date of September 30, 2019.

For 2020, the healthcare cost trend rate decreased by 0.50% and actual per person health benefit costs were lower than projected for the September 30, 2019 annual actuarial valuation.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method where best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return of each major asset class are summarized in the following table:

Investment Category	Plan Year September 30, 2021		Plan Year September 30, 2020	
	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity Pools	25.0%	5.4%	25.0%	5.6%
Private Equity Pools	16.0%	9.1%	16.0%	9.3%
International Equity Pools	15.0%	7.5%	15.0%	7.4%
Fixed Income Pools	10.5%	-0.7%	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	5.4%	10.0%	4.9%
Absolute Return Pools	9.0%	2.6%	9.0%	3.2%
Short Term Investment Pools	2.0%	-1.3%	2.0%	-0.1%
Real Return/Opportunistic Pools	12.5%	6.1%	12.5%	6.6%
Total	100.0%		100.0%	

Note 9 - Nonfederal Financial Support (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities based on a base grant amount and NFFS, which is defined by CPB. NFFS is defined as the total value of cash and the fair market value of services received as contributions or payments and meeting all the respective criteria for each. Calculated in accordance with CPB guidelines, the combined Network reported total NFFS of \$5,302,335 and \$6,348,865 for the years ended June 30, 2022 and 2021, respectively.

Note 10 - Indirect Administrative Support

Indirect support from Central Michigan University consists of allocations of the University's institutional support and facility operation costs that benefit the Network. The fair value of this support is recognized as operating revenue in the consolidated statement of revenues, expenses, and changes in net position under University administrative support for operations and also in operating expenses. The combined value of this support included in the consolidated statement of revenues, expenses, and changes in net position was \$887,574 and \$1,152,195 for the years ended June 30, 2022 and 2021, respectively.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 11 - Corporation for Public Broadcasting Community Service Grants

The Network receives funding through a Community Service Grant from the Corporation for Public Broadcasting (CPB). The amount received and expended during fiscal years 2022, 2021 and 2020 were as follows;

Year of Grant	Grant Received	Amount Expended 2022	Amount Expended 2021	Amount Expended 2020	Uncommitted Balance at June 30
2022	\$ 1,417,746	\$ 1,417,746			\$ -
2021	1,279,825		\$ 1,279,825		-
2020	1,230,272			\$ 1,230,272	-

Note 12 - Contingencies

In the normal course of its activities, the Network is a party in various legal and administrative actions. The Network has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions and information relative to potential future claims based on past events, the Network is of the opinion that the outcome thereof will not have a material effect on the consolidated financial statements.

Note 13 - Lease Commitments

Lessee Agreements

The Network leases certain assets from various third parties. The assets leased include land and buildings with payments generally fixed monthly.

Lease assets, net of amortization, consist of the following as of June 30, 2022:

	Beginning Balance July 1, 2021 (as Restated)	Additions	Reductions	Ending Balance June 30, 2022
Leased assets (lessee)				
Land	\$ 337,674	\$ -	\$ -	\$ 337,674
Buildings	585,091	-	-	585,091
Total	922,765	-	-	922,765
Less accumulated amortization:				
Land	14,942	14,942	-	29,884
Buildings	15,533	15,533	-	31,066
Total	30,475	30,475	-	60,950
Leased assets (lessee) - Net	\$ 892,290	\$ (30,475)	\$ -	\$ 861,815

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 13 - Lease Commitments (Continued)

Lease assets, net of amortization, consist of the following as of June 30, 2021:

	Beginning Balance July 1, 2020 (as Restated)	Additions	Reductions	Ending Balance June 30, 2021 (as Restated)
Leased assets (lessee)				
Land	\$ 337,674	\$ -	\$ -	\$ 337,674
Buildings	585,091	-	-	585,091
Total	922,765	-	-	922,765
Less accumulated amortization:				
Land	-	14,942	-	14,942
Buildings	-	15,533	-	15,533
Total	-	30,475	-	30,475
Leased assets (lessee) - Net	\$ 922,765	\$ (30,475)	\$ -	\$ 892,290

Future principal and interest payments related to the Network's lease liability at June 30, 2022 are as follows:

	Principal	Interest	Total
2023	\$ (710)	\$ 37,960	\$ 37,250
2024	60,251	37,773	98,024
2025	3,365	35,455	38,820
2026	4,340	35,300	39,640
2027	5,378	35,108	40,486
2028-2032	45,029	170,993	216,022
2033-2037	151,112	150,183	301,295
2038-2042	121,693	122,240	243,933
2043-2047	110,248	98,399	208,647
2048-2052	156,128	72,453	228,581
2053-2057	231,706	33,282	264,988
2058-2062	37,709	581	38,290
Total	\$ 926,249	\$ 829,727	\$ 1,755,976

Lessor Agreements

The Network leases certain assets to various third parties. The assets leased include buildings with payments generally fixed monthly.

At June 30, 2022 and June 30, 2021, the Network recognized the following lease revenue and lease interest revenue related to its lessor agreements:

	Lease Revenue	Lease Interest Revenue
June 30, 2022	\$ 207,844	\$ 116,840
June 30, 2021	\$ 207,844	\$ 121,512

Note 14 - Delta College WUCX-FM

The following notes are taken directly from Delta College WUCX-FM's financial statements and are presented in their entirety to provide additional information regarding Delta College's financial information.

Significant Accounting Policies

Reporting Entity

WUCX-FM (the Station) is a nonprofit public radio station, operated as a separate organizational unit of Delta College (College), a community college located in University Center, Michigan. The Station has operated since 1989 under a Joint Operating Agreement with Central Michigan University's public radio station, WCMU-FM, which maintains the broadcast license granted by the Federal Communications Commission. The Station's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as required by the Corporation for Public Broadcasting (CPB).

Significant accounting policies followed by the Station are described below to enhance the usefulness of the financial statements to the reader:

Accrual Basis

The financial statements of the Station have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less when purchased.

Investments

Investments are recorded at fair value, based on quoted market prices.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at the acquisition value as of the date of acquisition. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of the assets. *The American Health Association's Estimated Useful Lives of Depreciable Hospital Assets* was utilized as a guide in establishing useful lives of the Station's capital assets.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 14 - Delta College WUCX-FM (Continued)

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the Station's current vacation policy. Under the Station's policy, employees accrue vacation on a bi-weekly basis at a rate that is dependent on the employee's pay class.

Pensions and OPEB (Postemployment Benefits Other Than Pensions)

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

Revenue Recognition

Restricted grant revenue is recognized only to the extent expended.

Gifts and Pledges

Gifts are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded at their discounted present value, net of allowance for uncollectible pledges. The Station has no pledges receivable recorded at June 30, 2022 or June 30, 2021.

Donated Facilities and Administrative Support

Donated facilities from Delta College consist of office and studio space together with related occupancy cost, and are recorded in revenue and expense based on methods mandated by CPB. Administrative support from Delta College consists of allocated costs such as financial, administrative, and personnel services and certain other institutional support expenses incurred by the College on behalf of the Station.

Operating Activities

The Station's policy for defining operating activities as reported on the Statement of Revenue, Expenses and Changes in Net Position are those that generally result from the provision of public broadcasting services. Revenue restricted by donors to use for capital improvements, and revenue and expenses that result from financing and investing activities are recorded as nonoperating revenue and expenses.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 14 - Delta College WUCX-FM (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments

The Station considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Station's deposits and investments are included on the Balance Sheets under the following classifications as of June 30:

	2022	2021
Cash and cash equivalents	\$ 341,088	\$ 272,492
Long-term investments	137,470	157,548
Total	\$ 478,558	\$ 430,040

The above amounts are classified in the following categories at June 30:

	2022	2021
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 341,088	\$ 272,492
Investments in securities and similar vehicles	137,470	157,548
Total	\$ 478,558	\$ 430,040

Cash and Cash Equivalents

Delta College invests and manages cash collectively by pooling cash reserves, including cash of the Station. It is not practical to determine the amount reflected in the accounts of the banks (without recognition of checks written but not cleared, or of deposits in transit) or the amount of federal depository insurance that is applicable to the Station's portion of the pooled deposits as of June 30, 2022 or 2021. A portion of the Station's cash is deposited in interest-bearing accounts.

Investments

The Station has received certain contributions that have been designated for use as quasi-endowments. During the years ended June 30, 2022 and 2021, the Station also received contributions restricted for a permanent endowment. Such assets are pooled with and held within the Delta College Endowment Fund and are invested in brokerage account cash and money funds, U.S. Treasury bills, notes and bonds, debt and equity securities and alternative investment funds. The Station's investments are stated at fair value based upon market quotations. At June 30, 2022 and 2021, respectively, the fair value of the Station's investments is \$137,470 and \$157,548. Information as to amounts by investment type, associated risks and fair value measurements is included in the notes to the financial statements for Delta College.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 14 - Delta College WUCX-FM (Continued)

Capital Assets

The following tables present the changes in the various capital asset class categories:

Year Ended June 30, 2022:	Estimated Useful Life	Beginning Balance	Additions/Depreciation	Deletions	Ending Balance
Capital Assets:					
Buildings	40 years	\$ 80,531	\$ -	\$ -	\$ 80,531
Furniture and equipment	5-20 years	125,341	-	-	125,341
Total Capital Assets		205,872	-	-	205,872
Less Accumulated Depreciation:					
Buildings		48,121	1,620	-	49,741
Furniture and equipment		96,812	5,820	-	102,632
Total Accumulated Depreciation		144,933	\$ 7,440	\$ -	152,373
Capital Assets, Net		\$ 60,939			\$ 53,499
Year Ended June 30, 2021:	Estimated Useful Life	Beginning Balance	Additions/Depreciation	Deletions	Ending Balance
Capital Assets:					
Buildings	40 years	\$ 80,531	\$ -	\$ -	\$ 80,531
Furniture and equipment	5-20 years	125,341	-	-	125,341
Total Capital Assets		205,872	-	-	205,872
Less Accumulated Depreciation:					
Buildings		46,501	1,620	-	48,121
Furniture and equipment		90,992	5,820	-	96,812
Total Accumulated Depreciation		137,493	\$ 7,440	\$ -	144,933
Capital Assets, Net		\$ 68,379			\$ 60,939

Unrestricted Net Position

The Station has designated the use of unrestricted net position as follows as of June 30:

	2022	2021
Designated for funds functioning as endowments	\$ 75,017	\$ 94,719
Unrestricted – MPSERS Pension Liability	(430,653)	(410,788)
Unrestricted – MPSERS OPEB Liability	(85,705)	(101,371)
Unrestricted and unallocated	285,111	215,039
Total Unrestricted Net Position	\$ (156,230)	\$ (202,401)

Note 14 - Delta College WUCX-FM (Continued)

Retirement Plans

The Station's employees are included in a retirement plan funded by Delta College either through MPSERS, or the Optional Retirement Plan (ORP), a defined contribution plan, administered by TIAA-CREF. Prior to July 1, 2010, the MPSERS plan was strictly a defined benefit plan. Effective July 1, 2010, new MPSERS members participate in a hybrid plan which is both a defined benefit and defined contribution plan.

MPSERS Defined Benefit Plan

At June 30, 2022 and 2021, respectively, the Station reported a liability of \$335,663 and \$465,125 for its share of the College's proportionate share of the net pension liability of MPSERS. At June 30, 2022 and 2021, respectively, the Station also reported a liability of \$20,975 and \$69,927 for its share of the College's proportionate share of the net OPEB liability of MPSERS, for a total net pension and OPEB liability of \$356,638 as of June 30, 2022 and \$535,052 as of June 30, 2021. The net pension and OPEB liability at June 30, 2022 was measured as of September 30, 2021, and the total pension and OPEB liability used to calculate the net pension and OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2020. The College's proportion of the net pension and OPEB liability was based on a projection of its long-term share of contributions to the pension and OPEB plans relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021, the College's pension proportion was .32250%, a decrease of .01315% from its proportion measured as of September 30, 2020, which was .33565%. At September 30, 2021, the College's OPEB proportion was .31258%, a decrease of .01099% from its proportion measures as of September 20, 2020, which was .32357%. The Station's calculated share of the net pension and OPEB liability was based on its proportionate share of the College's covered employee payroll, as measured by the Station's MPSERS contributions.

For the years ended June 30, 2022 and 2021, respectively, the Station recognized MPSERS retirement expense of \$67,467 and \$135,758. For the two respective years, the Station reported deferred outflows of resources of \$64,756 and \$94,269 and deferred inflows of resources of \$159,746 and \$39,932 related to the MPSERS pension and deferred outflows of resources of \$25,417 and \$31,029 and deferred inflows of resources of \$90,147 and \$62,473 related to the MPSERS OPEB.

The Station reported deferred outflows of resources related to pension contributions subsequent to the measurement date of \$38,273 and \$33,339, respectively, as of June 30, 2022 and 2021, that will be recognized as a reduction of the net pension liability in the Station's respective subsequent fiscal year. The Station also reported deferred inflows of resources related to pension rate stabilization appropriations received subsequent to the measurement date of \$19,796 and \$16,957, respectively as of June 30, 2022 and 2021, that will be recognized as revenue in the respective subsequent fiscal year. The Station reported deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$7,699 and \$7,249, as of June 30, 2022 and 2021, respectively, that will be recognized as a reduction of the net OPEB liability in the Station's respective subsequent fiscal year.

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 14 - Delta College WUCX-FM (Continued)

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

Recognized in Year Ending June 30,	Pension	OPEB
2023	\$ (20,379)	\$ (18,853)
2024	(29,264)	(17,524)
2025	(32,942)	(16,066)
2026	(30,882)	(14,488)
2027	-	(4,860)
Thereafter	-	(638)
Total	\$ (113,467)	\$ (72,429)

The discount rate used to measure the total pension liability for the years ending June 30, 2022 and 2021, was 6.80% for the Basic, MIP and Pension Plus Plans, and 6.00% for the Pension Plus 2 Plan for the September 30, 2021 and 2020 valuation years. The following presents the net pension liability of the Station, which was calculated using the aforementioned discount rates, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is 1.0% point lower or 1.0% point higher than the current rates:

	Net Pension Liability at 1.0% Decrease	Net Pension Liability at Current Discount Rate	Net Pension Liability at 1.0% Increase
June 30, 2022	\$ 479,907	\$ 335,663	\$ 216,075
June 30, 2021	\$ 602,026	\$ 465,125	\$ 351,666

The discount rate and current healthcare cost rate used to measure the total OPEB liability for the years ending June 30, 2022 and 2021 was 6.95% for the September 30, 2021 and 2020 valuation years. The following presents the net OPEB liability of the Station, which was calculated using the aforementioned rate, as well as what the Station's net OPEB liability would be if it were calculated using a discount and healthcare cost rate that is 1.0% point lower or 1.0% point higher than the current rate:

	Net OPEB Liability at 1.0% Decrease	Net OPEB Liability at Current Rate	Net OPEB Liability at 1.0% Increase
Discount Rate June 30, 2022	\$ 38,975	\$ 20,975	\$ 5,699
Current Healthcare Cost Rate June 30, 2022	\$ 5,105	\$ 20,975	\$ 38,830
Discount Rate June 30, 2021	\$ 89,831	\$ 69,927	\$ 53,172
Current Healthcare Cost Rate June 30, 2021	\$ 52,531	\$ 69,927	\$ 89,717

Central Michigan University Public Broadcasting Network

Notes to Consolidated Financial Statements June 30, 2022 and 2021

Note 14 - Delta College WUCX-FM (Continued)

ORP Defined Contribution Plan

The Station had no ORP covered payroll for the years ended June 30, 2022 and June 30, 2021.

Additional Information

For additional information concerning the Station's retirement plans, refer to Delta College's June 30, 2022 audited financial statements.

Community Service Grants

The Station operates under a Joint Operating Agreement with Central Michigan University's public radio station, WCMU-FM. This agreement allows the Station to share in annual funding from WCMU-FM's Community Service Grant from the CPB. The Station's share of CPB Community Service Grants received and expended during recent fiscal years was as follows:

Year of Grant	Grants Received	Expended 2022	Expended 2021	Expended 2020	Uncommitted Balance at June 30
2022	\$25,648	\$25,648			\$ -
2021	23,975		\$23,975		-
2020	21,971			\$21,971	-

NonFederal Financial Support (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS, which is defined by CPB. NFFS is defined as the total value of cash and the fair market value of services received as contributions or payments and meeting all the respective criteria for each.

Calculated in accordance with CPB guidelines, the Station reported total NFFS of \$454,539 and \$448,183 for the years ended June 30, 2022 and 2021, respectively.

Indirect Administrative Support

Indirect support from Delta College consists of allocations of the College's institutional support and facility operation costs that benefit the Station. It is calculated based upon the ratio of the Station's operating costs to the College's total institutional support and facility operation costs. The fair value of this support is recognized as operating revenue in the Statements of Revenue, Expenses, and Changes in Net Position under donated facilities and administrative support from Delta College and also in operating expenses. The value of this support included in the Statements of Revenue, Expenses, and Changes in Net Position was approximately \$54,000 and \$69,000, respectively, for the years ended June 30, 2022 and 2021.

Note 15 – New Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services, such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time, in an exchange or exchange-like transaction. The provisions of this statement are effective for the Network's fiscal year ending June 30, 2023. The effect of this new statement has not yet been determined.

In May 2020, the GASB issued Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs), that addresses accounting and financial reporting issues regarding the right-to-use subscription assets (an intangible asset) and the corresponding subscription liability, and capitalization criteria for outlays other than subscription payments, including implementation costs. This statement will provide consistency by establishing standard capitalization criteria for implementation costs, and improve comparability of financial reporting across governmental entities. Effective for the Network's fiscal year ending June 30, 2023, this new statement may have an impact on the financial statements, but the full effect has not yet been determined.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires the liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the fiscal year ending June 30, 2025.

Required Supplemental Information

Central Michigan University Public Broadcasting Network

Required Supplemental Information

Schedule of the Network's Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement Plan (Amounts were determined as of 9/30 of each fiscal year)

	Network's proportion of the Universities collective MPERS net pension liability:		Network's covered payroll	Network's proportional share of the collective pension liability (amount), as a percentage of the Network's covered payroll	MPERS fiduciary net position as a percentage of the total pension liability
	As a percentage	Amount			
2021	0.00%	\$0	\$0	0.00%	0.00%
2020	0.30%	\$2,023,919	\$645,246	313.67%	43.07%
2019	0.35%	\$2,374,129	\$761,841	311.63%	44.24%
2018	0.30%	\$1,916,321	\$634,109	302.21%	45.87%
2017	0.27%	\$1,556,853	\$579,563	268.63%	47.42%
2016	0.42%	\$2,341,104	\$866,382	270.22%	46.77%
2015	0.46%	\$2,510,677	\$490,251	512.12%	47.45%
2014	0.53%	\$1,998,660	\$506,770	394.39%	63.00%

Schedule of Network Pension Contributions Michigan Public School Employees Retirement Plan (Amounts were determined as of 6/30 of each fiscal year)

	Network's statutorily required contribution	Network's contributions in relation to the actuarially determined contractually required contribution	Network's contribution deficiency (excess)	Network's covered Payroll	Network's contributions as a percentage of covered payroll
2022	\$0	\$0		\$0	0.00%
2021	\$136,092	\$136,092		\$654,924	20.78%
2020	\$162,180	\$162,180		\$773,269	20.97%
2019	\$134,870	\$134,870		\$643,618	20.95%
2018	\$118,207	\$118,207		\$573,259	20.62%
2017	\$160,094	\$160,094		\$889,125	18.01%
2016	\$177,745	\$177,745		\$454,783	39.08%
2015	\$172,294	\$172,294		\$488,324	35.28%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2022

The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016.

Changes of benefit terms: There were no changes in benefit terms in 2021, 2020, 2019, 2018, 2017, 2016, 2015 or 2014.

Changes of assumptions: There were no changes of assumptions in 2021 or 2020. For 2019, the discount rate for the September 20, 2018 annual actuarial valuation decreased by 0.25%. For 2018, the discount rate for the September 30, 2017 annual actuarial valuation decreased by 0.45% and the valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. For 2017, the discount rate for the September 30, 2016 annual actuarial valuation decreased by 0.50%. There were no changes of assumptions in 2016, 2015 or 2014.

Central Michigan University Public Broadcasting Network

Required Supplemental Information

Schedule of the Network's Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement Plan
(Amounts were determined as of 9/30 of each fiscal year)

	Network's proportion of the Universities collective MPERS net OPEB liability:		Network's covered payroll	Network's proportional share of the collective OPEB liability (amount), as a percentage of the Network's covered payroll	MPERS fiduciary net position as a percentage of the total OPEB liability
	As a percentage	Amount			
2021	0.00%	\$0	\$0	0.00%	0.00%
2020	0.30%	\$125,394	\$645,246	19.43%	77.20%
2019	0.36%	\$327,968	\$761,841	43.05%	61.07%
2018	0.30%	\$359,943	\$634,109	56.76%	51.90%
2017	0.27%	\$387,026	\$579,563	66.78%	44.11%

Schedule of Network OPEB Contributions

Michigan Public School Employees Retirement Plan
(Amounts were determined as of 6/30 of each fiscal year)

	Network's statutorily required contribution	Network's contributions in relation to the actuarially determined contractually required contribution	Network's contribution deficiency (excess)	Network's covered Payroll	Network's contributions as a percentage of covered payroll
2022	\$0	\$0		\$0	0.00%
2021	\$40,068	\$40,068		\$654,924	6.12%
2020	\$47,146	\$47,146		\$773,269	6.10%
2019	\$39,373	\$39,373		\$643,618	6.12%
2018	\$36,732	\$36,732		\$573,259	6.41%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2022

The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016.

Changes of benefit terms: There were no changes in benefit terms in 2021, 2020, 2019, 2018 or 2017.

Changes of assumptions: For 2021, the healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% percentage points and actual per person health benefit costs were lower than projected. For 2020, the discount rate was unchanged, the healthcare cost trend rate decreased by 0.50% and the actual per person health benefit costs were lower than projected for the September 30, 2019 annual actuarial valuation. For 2019, the discount rate for the September 30, 2018 annual actuarial valuation decreased by 0.20%. For 2018, the discount rate for the September 30, 2017 annual actuarial valuation decreased by 0.35%. There were no changes in assumptions in 2017.

Central Michigan University Public Broadcasting Network

Required Supplemental Information

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability and Contributions for Michigan Public School

Employees' Retirement System (MPERS), and Notes to Required Supplementary Information

WUCX-FM

Delta College

June 30, 2022

	2021	2020	2019	September 30,		2016	2015	2014
				2018	2017			
<u>Schedule of Proportionate Share of Net Pension Liability</u>								
WUCX-FM's proportion of the net pension liability:								
As a percentage	0.00142%	0.00135%	0.00135%	0.00137%	0.00138%	0.00128%	0.00125%	0.00114%
Amount	\$ 335,663	\$ 465,125	\$ 447,271	\$ 412,593	\$ 358,064	\$ 318,609	\$ 305,394	\$ 251,699
WUCX-FM's covered payroll	\$ 125,316	\$ 116,434	\$ 115,948	\$ 117,322	\$ 116,159	\$ 106,778	\$ 106,470	\$ 94,385
WUCX-FM's proportionate share of the net pension liability, as a percentage of the Station's covered payroll	267.9%	399.5%	385.8%	351.7%	308.3%	298.4%	286.8%	266.7%
MPERS fiduciary net position, as a percentage of the total non-university net pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%
				June 30,				
	2022	2021	2020	2019	2018	2017	2016	2015
<u>Schedule of Contributions for MPERS</u>								
WUCX-FM's statutorily required contributions	\$ 44,377	\$ 38,761	\$ 34,995	\$ 36,056	\$ 38,046	\$ 30,370	\$ 29,503	\$ 20,001
WUCX-FM's contributions in relation to statutorily required contribution	44,377	38,761	34,995	36,056	38,046	30,370	29,503	20,001
WUCX-FM's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WUCX-FM's covered payroll	\$ 126,879	\$ 113,860	\$ 111,048	\$ 117,077	\$ 118,236	\$ 110,438	\$ 105,485	\$ 92,513
WUCX-FM's contributions as a percentage of covered payroll	35.0%	34.0%	31.5%	30.8%	32.2%	27.5%	28.0%	21.6%

Notes to Required Supplementary Information

Changes of benefit terms:

There were no changes of benefit terms from September 30, 2014 through September 30, 2021.

Changes of assumptions:

The discount rate was reduced to 6.80% for the September 30, 2021, 2020, and 2019 valuations, which was 7.05% at September 30, 2018, which was reduced from 7.50% at September 30, 2017. In addition, the September 30, 2017 discount rate was reduced from 8.00%, which was the discount rate for the years ending September 30, 2016, 2015, and 2014.

Central Michigan University Public Broadcasting Network

Required Supplemental Information

Required Supplementary Information

Schedule of Proportionate Share of Net OPEB Liability and Contributions for Michigan Public School

Employees' Retirement System (MPERS), and Notes to Required Supplementary Information

WUCX-FM

Delta College

June 30, 2022

	2021	2020	September 30, 2019	2018	2017
<u>Schedule of Proportionate Share of Net OPEB Liability</u>					
WUCX-FM's proportion of the net OPEB liability:					
As a percentage	0.00137%	0.00131%	0.00132%	0.00137%	0.00139%
Amount	\$ 20,975	\$ 69,927	\$ 94,859	\$ 109,206	\$ 122,778
WUCX-FM's covered payroll	\$ 125,316	\$ 116,434	\$ 115,948	\$ 117,322	\$ 116,159
WUCX-FM's proportionate share of the net OPEB liability, as a percentage of the Station's covered payroll	16.7%	60.1%	81.8%	93.1%	105.7%
MPERS fiduciary net position, as a percentage of the total non-university net OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%
	2022	2021	June 30, 2020	2019	2018
<u>Schedule of Contributions for MPERS</u>					
WUCX-FM's statutorily required contributions	\$ 9,977	\$ 9,196	\$ 8,749	\$ 9,090	\$ 8,529
WUCX-FM's contributions in relation to statutorily required contribution	9,977	9,196	8,749	9,090	8,529
WUCX-FM's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
WUCX-FM's covered payroll	\$ 126,879	\$ 113,860	\$ 111,048	\$ 117,077	\$ 118,236
WUCX-FM's contributions as a percentage of covered payroll	7.9%	8.1%	7.9%	7.8%	7.2%

Notes to Required Supplementary Information

Changes of benefit terms:

There were no changes of benefit terms from September 30, 2017 to September 30, 2021.

Changes of assumptions:

The discount rate was reduced to 6.95% for the September 30, 2021, 2020, and 2019 valuations from 7.15%, which was the discount rate for the September 30, 2018 valuation, which was a decrease from 7.50% at September 30, 2017.

Other Supplemental Information

Central Michigan University Public Broadcasting Network

Consolidating Statement of Net Position Year Ended June 30, 2022

	Television	Radio	CMU Combined Total	Delta College WUCX-FM	Radio Combined Total	CMU and Delta Combined Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 5,384,341	\$ 666,620	\$ 6,050,961	\$ 341,088	\$ 1,007,708	\$ 6,392,049
Accounts receivable	73,253	37,093	110,346	-	37,093	110,346
Pledges receivable - Net	334,007	286,816	620,823	-	286,816	620,823
Lease receivable - Current portion	104,927	29,659	134,586	-	29,659	134,586
Prepaid expenses	187,486	107,883	295,369	-	107,883	295,369
Total current assets	6,084,014	1,128,071	7,212,085	341,088	1,469,159	7,553,173
Noncurrent assets:						
Lease receivable	2,435,127	220,282	2,655,409	-	220,282	2,655,409
Endowment investments	4,875,858	1,632,414	6,508,272	137,470	1,769,884	6,645,742
Lease assets - Net	156,225	705,590	861,815	-	705,590	861,815
Capital assets - Net	5,979,161	1,219,567	7,198,728	53,499	1,273,066	7,252,227
Total noncurrent assets	13,446,371	3,777,853	17,224,224	190,969	3,968,822	17,415,193
Total assets	19,530,385	4,905,924	24,436,309	532,057	5,437,981	24,968,366
Deferred Outflows of Resources	-	-	-	90,173	90,173	90,173
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	65,851	32,009	97,860	35,323	67,332	133,183
Accrued payroll	42,380	22,143	64,523	20,654	42,797	85,177
Unearned revenue	77,671	-	77,671	-	-	77,671
Long-term liabilities - Current portion	327	442	769	-	442	769
Lease Liabilities - Current portion	(1,366)	656	(710)	-	656	(710)
Current portion due to CMU	-	100,687	100,687	-	100,687	100,687
Total current liabilities	184,863	155,937	340,800	55,977	211,914	396,777
Noncurrent liabilities:						
Long-term liabilities	67,470	37,701	105,171	-	37,701	105,171
Lease liabilities	174,584	752,375	926,959	-	752,375	926,959
Due to CMU	-	105,722	105,722	-	105,722	105,722
Net pension liability	-	-	-	335,663	335,663	335,663
Net OPEB liability	-	-	-	20,975	20,975	20,975
Total noncurrent liabilities	242,054	895,798	1,137,852	356,638	1,252,436	1,494,490
Total liabilities	426,917	1,051,735	1,478,652	412,615	1,464,350	1,891,267
Deferred Inflows of Resources	2,370,413	234,203	2,604,616	249,893	484,096	2,854,509
Net Position						
Invested in capital assets - Net of related debt	5,962,168	965,717	6,927,885	53,499	1,019,216	6,981,384
Restricted for:						
Nonexpendable	2,535,134	225,481	2,760,615	62,453	287,934	2,823,068
Expendable	1,609,240	307,883	1,917,123	-	307,883	1,917,123
Unrestricted	6,626,513	2,120,905	8,747,418	(156,230)	1,964,675	8,591,188
Total net position	\$ 16,733,055	\$ 3,619,986	\$ 20,353,041	\$ (40,278)	\$ 3,579,708	\$ 20,312,763

Central Michigan University Public Broadcasting Network

Consolidating Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2022

			CMU Combined Total	Delta College WUCX-FM	Radio Combined Total	CMU and Delta Combined Total
Revenues	Television	Radio				
Operating revenues:						
University appropriations - Operations	\$ 853,193	\$ 581,709	\$ 1,434,902	\$ 190,772	\$ 772,481	\$ 1,625,674
University additional support - Operations	12,553	10,270	22,823	-	10,270	22,823
University administrative support - Operations	517,033	316,205	833,238	54,336	370,541	887,574
Contributions and pledges, net of allowance	1,505,188	909,672	2,414,860	149,717	1,059,389	2,564,577
Community service grants	1,160,409	257,337	1,417,746	-	257,337	1,417,746
Outreach grants	87,623	1,483	89,106	-	1,483	89,106
Program underwriting and pledges	83,188	263,829	347,017	48,773	312,602	395,790
Production underwriting	5,000	-	5,000	-	-	5,000
Rents and royalties	73,763	9,488	83,251	-	9,488	83,251
In-kind support	51,286	66,548	117,834	-	66,548	117,834
Other operating revenues	8,631	8,600	17,231	-	8,600	17,231
Total operating revenues	4,357,867	2,425,141	6,783,008	443,598	2,868,739	7,226,606
Expenses						
Operating expenses:						
Programming and local production	1,529,687	992,616	2,522,303	196,444	1,189,060	2,718,747
Broadcasting	236,430	184,255	420,685	75,333	259,588	496,018
Program information	391,212	149,523	540,735	-	149,523	540,735
Fundraising	870,715	515,692	1,386,407	38,868	554,560	1,425,275
Management and general	422,271	301,957	724,228	71,794	373,751	796,022
Depreciation and amortization	681,739	111,752	793,491	7,440	119,192	800,931
Total operating expenses	4,132,054	2,255,795	6,387,849	389,879	2,645,674	6,777,728
Operating Income	225,813	169,346	395,159	53,719	223,065	448,878
Nonoperating Revenues (Expenses)						
Investment (loss), net of expenses	(271,312)	(90,370)	(361,682)	(30,365)	(120,735)	(392,047)
Interest on capital assets related debt	(7,045)	(45,983)	(53,028)	-	(45,983)	(53,028)
Gain on disposal of capital assets	40,489	-	40,489	-	-	40,489
Transfers from University	675	2,563	3,238	-	2,563	3,238
Other nonoperating revenues	279,902	44,782	324,684	-	44,782	324,684
Total Nonoperating Revenues (Expenses)	42,709	(89,008)	(46,299)	(30,365)	(119,373)	(76,664)
Income Before Other	268,522	80,338	348,860	23,354	103,692	372,214
Other						
Capital grants/contracts	49,655	-	49,655	-	-	49,655
Additions to permanent endowments	25,100	100	25,200	15,000	15,100	40,200
Total Other	74,755	100	74,855	15,000	15,100	89,855
Before Transfers	343,277	80,438	423,715	38,354	118,792	462,069
Transfers in (out)	(15,588)	15,588	-	-	15,588	-
Increase in Net Position	327,689	96,026	423,715	38,354	134,380	462,069
Net Position						
Net Position - Beginning of year	16,405,366	3,523,960	19,929,326	(78,632)	3,445,328	19,850,694
Net Position - End of year	\$ 16,733,055	\$ 3,619,986	\$ 20,353,041	\$ (40,278)	\$ 3,579,708	\$ 20,312,763