

Financial Statements

2021-2022



WNMU-TV & WNMU-FM
Northern Michigan University

TABLE OF CONTENTS

WNMU-TV AND WNMU-FM

June 30, 2022

Board of Trustees, Executive Officers, and Station/Financial Management.....	1
Management's Discussion and Analysis	
WNMU-TV	2
WNMU-FM.....	8
Independent Auditor's Report.....	14
Statements of Net Position:	
WNMU-TV	17
WNMU-FM.....	18
Statements of Revenues, Expenses, and Changes in Net Position:	
WNMU-TV	19
WNMU-FM.....	20
Statements of Cash Flows:	
WNMU-TV	21
WNMU-FM.....	22
Notes to Financial Statements.....	23
Required Supplementary Information	53
Notes to Required Supplementary Information	57
Other Financial Information	
Statement of Functional Expenses:	
WNMU-TV	58
WNMU-FM.....	59
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	60

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MANAGEMENT'S DISCUSSION AND ANALYSIS WNMU-TV

This section of WNMU-TV's (the "television station") financial report presents our discussion and analysis of the financial performance of the television station during the fiscal year ended June 30, 2022. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Reporting Entity

Northern Michigan University (the "University" or "NMU") operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of the Northern Michigan University Foundation (the "Foundation") specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fundraising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

Using the Financial Report

This financial report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements presented focus on the financial condition of the television station, the results of operations, and cash flows taken as a whole.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Under the reporting model, general appropriations from the University and gifts are reported as nonoperating revenues and results in the television station showing an operating loss of \$803,100 for the year ended June 30, 2022, and \$350,800 for the year ended June 30, 2021. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

Financial Highlights

Net position for the year ended June 30, 2022 of \$5,184,300 increased \$491,400 from the prior year balance of \$4,692,900. Net investment in capital assets of \$1,474,900 decreased by \$143,800 and included depreciation of \$143,800. Unrestricted and restricted net position of \$3,709,400 increased by \$635,200 from the prior year total of \$3,074,200.

For the year ending June 30, 2022, operating revenues of \$958,800 decreased \$466,200 from the prior year total of \$1,425,000. The decrease of \$466,200 included a decrease in community service grants from the Corporation for Public Broadcasting of \$440,400 (due primarily to the prior year including one-time federal stimulus funding) and a decrease in other operating revenues of \$25,800. Non-operating revenues of \$1,294,500 decreased by \$60,900 from the prior year of \$1,355,400. The decrease of \$60,900 included decreases in capital grants of \$136,000, facilities and support provided by Northern Michigan University of \$6,300, general appropriations from Northern Michigan University of \$1,700, contributions of \$44,600, investment income of \$44,300, loss on asset disposal of \$39,900, and increases in other donated services of \$4,200 and federal grants of \$127,900.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-TV
(continued)

Financial Highlights (continued)

For the year ending June 30, 2021, operating revenues of \$1,425,000 increased \$359,800 from the prior year total of \$1,065,200. The increase of \$359,800 included an increase in community service grants from the Corporation for Public Broadcasting of \$266,500, an increase in other grants of \$83,300, and an increase in other operating revenues of \$10,000. Non-operating revenues of \$1,355,400 decreased by \$473,000 from the prior year of \$1,828,400. The decrease of \$473,000 included decreases in capital grants of \$513,700, and facilities and support provided by Northern Michigan University of \$5,700, and increases in general appropriations from Northern Michigan University of \$5,500, contributions of \$43,300, other donated services of \$8,100, investment income of \$28,800, and loss on asset disposal of \$39,300.

For the year ending June 30, 2022, operating expenses of \$1,761,900 decreased by \$14,000 from the prior year total of \$1,775,900. The net decrease of \$14,000 resulted from increases in salaries, wages, and benefits of \$98,000, and program acquisition costs of \$10,000; and decreases in professional services of \$65,700, rental and maintenance of equipment of \$32,800, indirect costs of \$6,300, depreciation expense of \$15,000; and an all other costs of \$2,200.

For the year ending June 30, 2021, operating expenses of \$1,775,900 increased by \$5,800 from the prior year total of \$1,770,100. The net increase of \$5,800 resulted from increases in professional services of \$89,400, rental and maintenance of equipment of \$60,300, and depreciation expense of \$47,300; and an increase in all other costs of \$18,200.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

	June 30		
	2022	2021 as restated	2020
Assets			
Current assets	\$3,883,382	\$3,527,150	\$2,588,536
Noncurrent assets:			
Capital	1,474,916	1,618,686	1,782,879
Other	125,574	124,616	90,980
Total noncurrent assets	<u>1,600,490</u>	<u>1,743,302</u>	<u>1,873,859</u>
Total assets	<u>5,483,872</u>	<u>5,270,452</u>	<u>4,462,395</u>
Deferred outflows of resources			
Deferred pension and OPEB amounts	50,515	28,178	38,205
Total deferred outflows of resources	<u>50,515</u>	<u>28,178</u>	<u>38,205</u>
Liabilities			
Current liabilities	62,577	222,051	147,095
Noncurrent liabilities	199,449	362,199	639,557
Total liabilities	<u>262,026</u>	<u>584,250</u>	<u>786,652</u>
Deferred inflows of resources			
Deferred lease amounts	12,277	9,088	
Deferred pension and OPEB amounts	75,773	12,381	26,112
Total deferred inflows of resources	<u>88,050</u>	<u>21,469</u>	<u>26,112</u>
Net position			
Net investment in capital assets	1,474,916	1,618,686	1,782,879
Restricted-expendable	99,320	122,368	90,980
Unrestricted	3,610,075	2,951,857	1,813,977
Total net position	<u>\$5,184,311</u>	<u>\$4,692,911</u>	<u>\$3,687,836</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-TV
(continued)

Condensed Financial Information (continued)

Condensed Statement of Net Position (continued)

Cash and cash equivalents and investments of \$3,958,600 for fiscal year 2022 increased by \$374,900 from the prior year total of \$3,583,700 at June 30, 2021. At June 30, 2020, cash and cash equivalents and investments were \$1,559,800. Investment in physical plant of \$1,474,900 for fiscal year 2022, \$1,618,700 for fiscal year 2021, and \$1,782,900 for fiscal year 2020 was the largest noncurrent asset of WNMU-TV. Accrued payroll and benefits of 36,500 was the largest current liability for fiscal year 2022, Paycheck Protection Program payable of \$127,900 was the largest current liability for fiscal year 2021, and accounts payable of \$88,900 was the largest current liability for fiscal year 2020. Net pension liabilities of \$199,500 for fiscal year 2022, \$327,300 for fiscal year 2021, and \$503,000 for fiscal year 2020 was the largest noncurrent liability in each respective year.

Current assets at June 30, 2022 of \$3,883,400 were sufficient to cover current liabilities of \$62,600 as the current ratio is 62.0 dollars in current assets to every one dollar in current liabilities. Current assets of \$3,527,200 at June 30, 2021, and \$2,588,500 at June 30, 2020 were sufficient to cover current liabilities of \$222,100 and \$147,100 respectively. The current ratio was 15.9 at June 30, 2021 and 17.6 at June 30, 2020.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2022	June 30 2021 as restated	2020
Operating revenues			
Grants and contracts	\$944,812	\$1,385,247	\$1,035,393
Other operating revenue	14,015	39,771	29,802
Total operating revenues	<u>958,827</u>	<u>1,425,018</u>	<u>1,065,195</u>
Operating expenses	<u>(1,761,936)</u>	<u>(1,775,862)</u>	<u>(1,770,054)</u>
Operating loss	(803,109)	(350,844)	(704,859)
Non-operating revenues (expenses)			
Appropriations, facilities, and support from NMU	665,931	673,997	674,238
Contributions	387,854	432,503	389,236
Capital Grants	12,430	148,389	662,071
Federal grants	127,894		
Other non-operating income and expenses	<u>100,400</u>	<u>100,487</u>	<u>102,855</u>
Net non-operating revenues and expenses	<u>1,294,509</u>	<u>1,355,376</u>	<u>1,828,400</u>
Total increase (decrease) in net position	<u>491,400</u>	<u>1,004,532</u>	<u>1,123,541</u>
Net position			
Net position – beginning of year	4,692,911	3,687,836	2,564,295
Cumulative effect of change in accounting principle		543	
Adjusted net position – beginning of year	<u>4,692,911</u>	<u>3,688,379</u>	<u>2,564,295</u>
Net position – end of year	<u>\$5,184,311</u>	<u>\$4,692,911</u>	<u>\$3,687,836</u>

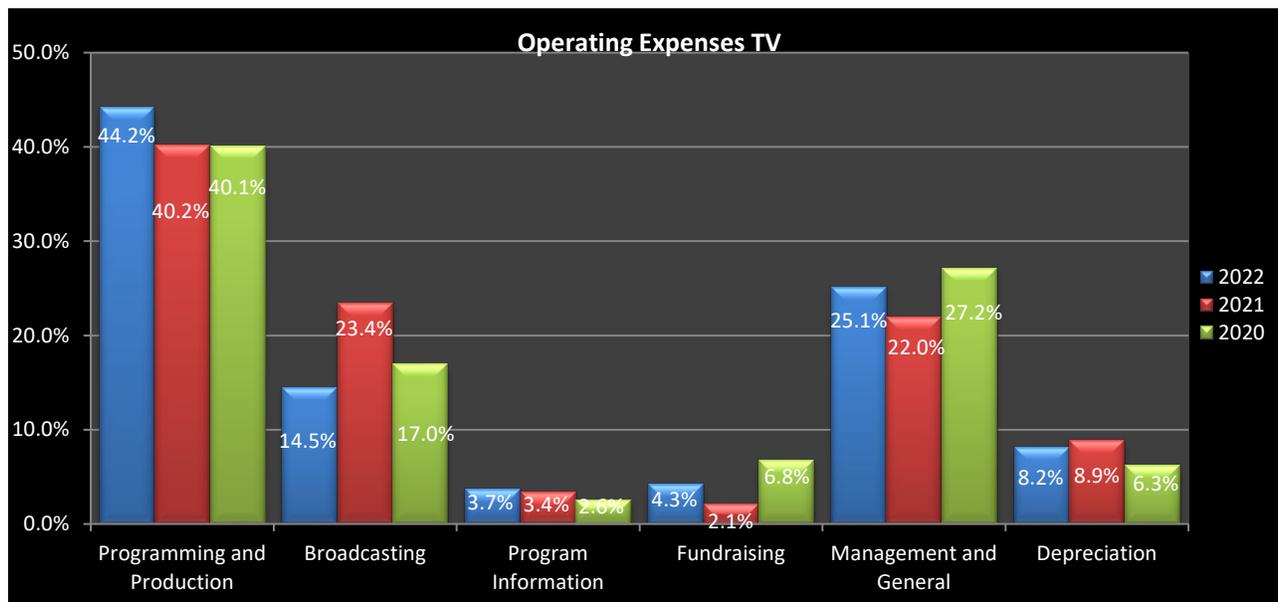
Total operating revenues were \$958,800 for fiscal year 2022, \$1,425,000 for fiscal year 2021 and \$1,065,200 for fiscal year 2020. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$861,500 for fiscal year 2022, \$1,301,900 for fiscal year 2021 and \$1,035,400 for fiscal year 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-TV
(continued)

Condensed Financial Information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position (continued)

Operating expenses were \$1,761,900 for fiscal year 2022, \$1,775,900 for fiscal year 2021 and \$1,770,100 for fiscal year 2020. Salaries, wages, and benefits are the most significant expense at \$620,500 for fiscal year 2022, \$522,400 for fiscal year 2021, and \$717,100 for fiscal year 2020. Program acquisition costs were \$391,700 for fiscal year 2022, \$381,700 for fiscal year 2021, and \$390,700 for fiscal year 2020.



Other

General appropriations from NMU, the largest source of non-operating revenue, totaled \$382,700 for fiscal year 2022 and \$384,400 for fiscal year 2021. Capital grants from Federal Communications Commission was the largest source of nonoperating revenue for fiscal years 2020 and totaled \$662,100. Contributions from viewers and businesses totaled \$387,900 for fiscal year 2022, \$432,500 for fiscal year 2021, and \$389,200 for fiscal year 2020. The coverage area for WNMU-TV consists primarily of the Upper Peninsula of Michigan and northeastern Wisconsin.

Condensed Statement of Cash Flows

	June 30		
	2022	2021	2020
		as restated	
Cash (used) provided by:			
Operating activities	(\$386,207)	(\$98,229)	(\$218,455)
Non-capital financing activities	736,630	783,840	858,286
Capital activities	38,828	1,308,301	(661,019)
Investing activities	8,732	(1,412)	5,555
Net decrease in cash and cash equivalents	397,983	1,992,500	(15,633)
Cash and cash equivalents – beginning of year	3,461,288	1,468,788	1,484,421
Cash and cash equivalents – end of year	<u>\$3,859,271</u>	<u>\$3,461,288</u>	<u>\$1,468,788</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-TV
(continued)

Capital Plan

Throughout fiscal year 2022, WNMU-TV maintained normal broadcast operations as it continued to respond to the unique circumstances posed by the pandemic (COVID-19). Program offerings proved to be especially important for viewers as they looked for a reliable source to help navigate the pandemic with their families and communities. WNMU-TV completed tower inspections, completed an Alternative Broadcast Inspection Program review, and cooperated with WNMU-FM in other necessary tower site maintenance to minimize signal interruptions.

In December 2022, WNMU-TV is renovating its main studio, Studio A. The project includes asbestos abatement, electrical modernization, a lighting pipe grid system, lighting fixtures, lighting control, and flooring repair and epoxy. The most visible of the changes will be the new studio set with variable colored backlighting, two new talent desks, a rolling interview platform, and three video monitors. This will transform and modernize the look of local productions and provide a state-of-the-art hands on learning environment for NMU students.

Other planned upgrades include, a new digital audio mixing system, replacement of master control uninterruptible power supplies that improve reliability during power outages, and a new graphics system. All of the planned upgrades adhere to industry standards and allow NMU students to learn and operate equipment and systems they will see as they transition to the workforce.

In fiscal year 2022, the station continued to promote its local productions focused on the issues and topics of concern to the viewers in the community. WNMU-TV enjoys a loyal following of its signature local shows including; the news program, Media Meet, the Ask the Expert series, and the High School Bowl program which hosts high school student from the Upper Peninsula, Northern Wisconsin, and Lower Michigan. Station managers believe that local content is vital to the community served by WNMU-TV and recognizes that maintaining a connection to listeners is critical in generating the revenue needed to support the station and its programming.

Factors Impacting Future Periods

Annual giving to WNMU-TV remains relatively steady from the previous year. The impact of COVID-19 was noticed primarily in station underwriting as revenues from this important constituency dropped slightly due to business curtailments. Personal contributions, however, remained strong and increased slightly as the station continued, without interruption, its fundraising efforts.

WNMU-TV and broadcasting in general is facing a change in how viewers choose and acquire media. There is an increase in digital mediums and streaming options with a correlative decrease in linear mediums such as over the air and cable broadcast. As a result, the station has been working with PBS to meet viewers where they are. This effort is a combination of using PBS' own streaming platform, Passport, and negotiating deals with streaming providers to carry WNMU-TV local programming as a part of their channel line ups. This is an area that is evolving rapidly that will require diligent attention and new ways of reaching viewers for the foreseeable future.

WNMU-TV continues to promote student internships and directed studies that provide NMU students with practical learning experiences without direct cost to the station. These connections leverage the station's facilities and staff to aid in fulfilling the university's academic mission. New opportunities are being explored to include more students in other departments.

With the help of the NMU Foundation, WNMU-TV will continue developing plans for attracting major giving, planned giving, legacy giving, and corporate support. These have the potential to help fund special projects that will improve the station's listener profile, provide modern facilities for station operations, and provide enriching, educational, and engaging programming for the community.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-TV
(concluded)

Factors Impacting Future Periods (continued)

Station management continues its strong affiliation with the teaching and learning mission of the University and continues to develop a strong sports broadcasting program for students. WNMU-TV staff provide internship and employment opportunities for students interested in television production and has focused on partnering with other University departments to develop a program that creates not only engaging programming but training opportunities that serve the needs of student production staff.

WNMU-TV closely monitors its federal grants and the status of legislative appropriations. The station also takes a conservative approach when factoring CPB grants into its budget and looks for ways to increase local fundraising and underwriting. WNMU-TV completed its first year with new general management following the retirement of its long-serving predecessor. The new management team remains committed to growing the number of station viewers with refreshed program offerings and local production projects that involve a wider base of community members.

MANAGEMENT'S DISCUSSION AND ANALYSIS WNMU-FM

This section of WNMU-FM's (the "radio station") financial report presents our discussion and analysis of the financial performance of the radio station during the fiscal year ended June 30, 2022. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Reporting Entity

Northern Michigan University (the "University" or "NMU") operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of the Northern Michigan University Foundation (the "Foundation") specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fundraising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

Using the Financial Report

This financial report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements presented focus on the financial condition of the radio station, the results of operations, and cash flows of the radio station as a whole.

The Statement of Net Position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Under the reporting model general appropriations from Northern Michigan University and gifts are reported as nonoperating revenues and results in the radio station showing an operating loss of \$658,700 for the year ended June 30, 2022, and \$651,600 for the year ended June 30, 2021. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

Financial Highlights

Net position for the year ended June 30, 2022 of \$656,400 increased by \$209,400 over the prior year balance of \$447,000. Net investment in capital assets of \$72,400 decreased \$10,700 from the prior year total of \$83,100. Unrestricted and restricted net position of \$584,000 increased by \$220,000 from the prior year total of \$364,000.

For the year ending June 30, 2022, operating revenues of \$162,700 decreased \$195,400 from the prior year total of \$358,100. The Community service grants from the Corporation for Public Broadcasting of \$152,700 decreased by \$193,400 from the prior year total of \$346,100 (due primarily to the prior year including one-time federal stimulus funding) and other operating revenues of \$9,900 decreased by \$2,100 from the prior year total of \$12,000. Non-operating revenues of \$868,100 increased by \$48,300 from the prior year total of \$819,800. Contributions from listeners of \$410,100 decreased by \$9,900 from the prior year total of \$420,000. General appropriations from Northern Michigan University of \$194,300 decreased by \$3,800 from the prior year total of \$198,100, and other revenues increased by \$62,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-FM
(continued)

Financial Highlights (continued)

For the year ending June 30, 2021, operating revenues of \$358,100 increased \$81,600 from the prior year total of \$276,500. The Community service grants from the Corporation for Public Broadcasting of \$346,100 increased by \$91,600 from the prior year total of \$254,500 and other operating revenues of \$12,000 decreased by \$10,000 from the prior year total of \$22,000. Non-operating revenues of \$819,800 increased by \$18,300 from the prior year total of \$801,500. Contributions from listeners of \$420,000 increased by \$34,400 over the prior year total of \$385,600. General appropriations from Northern Michigan University of \$198,100 increased by \$100 from the prior year total of \$198,200, and other revenues decreased by \$16,200.

For the year ending June 30, 2022, operating expenses of \$821,400 decreased \$188,300 from the prior year total of \$1,009,700. The net decrease of \$188,300 resulted from increases in professional services of \$6,600, rental and maintenance of equipment of \$9,200, program acquisition costs of \$27,300, and decreases in salaries, wages, and benefits of \$185,900, indirect costs of \$38,800, and all other expenses of \$6,700.

For the year ending June 30, 2021, operating expenses of \$1,009,700 decreased \$116,800 from the prior year total of \$1,126,500. The net decrease of \$116,800 resulted from decreases in salaries, wages, and benefits of \$70,800, indirect costs of \$18,700, professional services of \$18,000, rental and maintenance of equipment of \$6,000, an increase in program acquisition costs of \$4,500, and a decrease in all other expenses of \$7,800.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

	June 30		
	2022	2021 as restated	2020
Assets			
Current assets	\$805,366	\$882,091	\$532,080
Noncurrent assets:			
Capital	72,399	83,066	93,732
Other	50,611	33,203	23,108
Total noncurrent assets	123,010	116,269	116,840
Total assets	928,376	998,360	648,920
Deferred outflows of resources			
Deferred pension and OPEB amounts	49,669	23,053	13,945
Total deferred outflows of resources	49,669	23,053	13,945
Liabilities			
Current liabilities	38,611	239,575	44,385
Noncurrent liabilities	196,307	315,609	330,741
Total liabilities	234,918	555,184	375,126
Deferred inflows of resources			
Deferred lease amounts	12,277	9,088	
Deferred pension and OPEB amounts	74,442	10,136	9,512
Total deferred inflows of resources	86,719	19,224	9,512
Net position			
Net investment in capital assets	72,399	83,066	93,732
Restricted-expendable	24,828	30,955	23,108
Unrestricted	559,181	332,984	161,387
Total net position	656,408	\$447,005	\$278,227

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-FM
(continued)

Condensed Financial Information (continued)

Condensed Statement of Net Position (continued)

Cash and cash equivalents and investments of \$809,300 for fiscal year 2022 decreased by \$62,100 from the prior year total of \$871,400. Cash and investments at June 30, 2020 was \$528,700. Investment in physical plant of \$72,400 for fiscal year 2022, \$83,100 for fiscal year 2021, and \$93,700 for fiscal year 2020 was the largest noncurrent asset of WNMU-FM. Accrued payroll and benefits of \$23,700 is the largest current liability for fiscal year 2022, Paycheck Protection Program payable of \$111,900 is the largest current liability for fiscal year 2021 and accrued payroll and benefits of \$22,600 for fiscal year 2020 was the largest current liability. Net pension liabilities of \$196,300 for fiscal year 2022, \$269,700 for fiscal year 2021 and \$184,800 for fiscal year 2020 was the largest noncurrent liability.

Current assets at June 30, 2022, of \$805,400 were sufficient to cover current liabilities of \$38,600 as the current ratio is 20.9 dollars in current assets to every one dollar in current liabilities. Current assets of \$882,100 at June 30, 2021, and \$532,100 at June 30, 2020 were sufficient to cover current liabilities of \$239,600, and \$44,400 respectively. The current ratio was 3.7 at June 30, 2021 and 12.0 at June 30, 2020.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30		
	2022	2021 as restated	2020
Operating revenues			
Grants and contracts	\$152,742	\$346,131	\$254,517
Other operating revenue	9,927	12,009	21,961
Total operating revenues	<u>162,669</u>	<u>358,140</u>	<u>276,478</u>
Operating expenses	821,356	1,009,702	1,126,457
Operating loss	(658,687)	(651,562)	(849,979)
Non-operating revenues			
Appropriations, facilities, and support from NMU	346,798	389,423	408,391
Contributions	410,125	420,036	385,576
Federal grants	111,906		
Other non-operating (expenses) and income	(739)	10,338	7,525
Net non-operating revenues and expenses	<u>868,090</u>	<u>819,797</u>	<u>801,492</u>
Total increase (decrease) in net position	<u>209,403</u>	<u>168,235</u>	<u>(48,487)</u>
Net position			
Net position—beginning of year	447,005	278,227	326,714
Cumulative effect of change in accounting principle		543	
	<u>447,005</u>	<u>278,770</u>	<u>326,714</u>
Net position—end of year	<u>\$656,408</u>	<u>\$447,005</u>	<u>\$278,227</u>

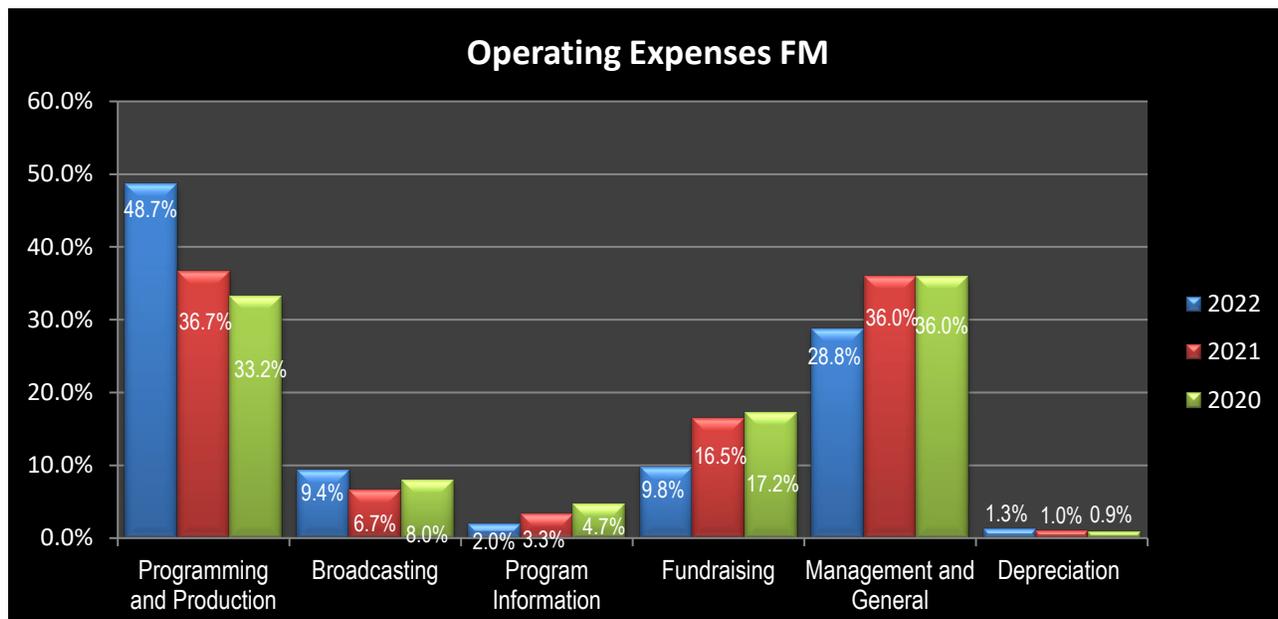
Total operating revenues for fiscal year 2022 were \$162,700, \$358,100 for fiscal year 2021 and \$276,500 for fiscal year 2020. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$152,700 for fiscal year 2022, \$346,100 for fiscal year 2021 and \$254,500 for fiscal year 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-FM
(continued)

Condensed Financial Information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position (continued)

Operating expenses were \$821,400 for fiscal year 2022, \$1,009,700 for fiscal year 2021 and \$1,126,500 for fiscal year 2020. Salaries, wages, and benefits are the most significant expense at \$393,900 for fiscal year 2022, \$579,800 for fiscal year 2021, and \$650,600 for fiscal year 2020. Program acquisition costs were \$148,200 for fiscal year 2022, \$120,900 for fiscal year 2021, and \$116,400 for fiscal year 2020.



Other

Contributions from listeners and businesses are the largest source of non-operating revenues. Contributions totaled \$410,100 for fiscal year 2022, \$420,000 for fiscal year 2021, and \$385,600 for fiscal year 2020. The coverage area for WNMU-FM consists primarily of the Upper Peninsula of Michigan.

Statement of Cash Flows

Condensed Statement of Cash Flows

	June 30		
	2022	2021 as restated	2020
Cash (used) provided by:			
Operating activities	(\$551,093)	(\$384,952)	(\$595,447)
Non-capital financing activities	492,442	608,023	708,878
Capital financing activities		111,906	
Investing activities	2,677	(185)	1,754
Net increase (decrease) in cash and cash equivalents	(55,974)	334,792	115,185
Cash and cash equivalents – beginning of year	840,419	505,627	390,442
Cash and cash equivalents – end of year	<u>\$784,445</u>	<u>\$840,419</u>	<u>\$505,627</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-FM
(continued)

Capital Plan

Throughout fiscal year 2022, WNMU-FM maintained normal broadcast operations as it continued to respond to the unique circumstances posed by the pandemic (COVID-19). While staff operated the station remotely as needed, programming remained largely unaffected due to the use of automation software and remote recording systems. Station personnel used recently acquired software tools and systems to conduct news interviews and produce local programming. As a result, the station successfully maintained its on-air schedule, delivering uninterrupted programming to its audiences. WNMU-FM completed tower inspections, completed an Alternative Broadcast Inspection Program review, performed maintenance on the FM transmitter, and cooperated with WNMU-TV in other necessary tower site maintenance to minimize signal interruptions.

WNMU-FM continues with efforts to upgrade its facilities in order to build listener loyalty and increase contributions. Facility upgrades included refurbishing vintage microphones for on air talent and replacing studio guest microphones. Work was also completed on the Escanaba translator to increase reliability and add remote monitoring capability. WNMU-FM is also investigating the feasibility of adding either a new transmitter or translator to the Marquette area to provide better reception for listeners in the station's city of license.

This year, the station continued to promote its local productions focused on arts and culture, economy and business, education, environment, government and politics, health and human services, native American issues, women's history, black history, and other rural community focused issues. WNMU-FM also enjoys a loyal following of its signature local news program, "Media Meet." Station managers believe that local content is vital to the community served by WNMU-FM and recognizes that maintaining a connection to listeners is critical in generating the revenue needed to support the station and its programming. The station provides on-air opportunities for local newsmaker interviews and has renewed its commitment to bringing innovative content to its broadcasts, such as the continuance of local marine weather forecasts not carried by commercial broadcasters.

Factors Impacting Future Periods

COVID-19 continues to challenge WNMU-FM as businesses emerge from working in a pandemic environment. WNMU-FM will continue to use one-time Coronavirus Aid, Relief, and Economic Security (CARES) Act funds provided through the Corporation for Public Broadcasting to replace any lost revenue. WNMU-FM is a National Public Radio (NPR) affiliate. NPR recently revised its funding formula. As a result, the station will be required to pay over 9% additional core fees and program acquisition costs. This will require the station to review and possibly revise program offerings.

Station management reports a slight increase in personal giving, underwriting, and legacy gifts which provide some funding stability. Vehicle donations also continue to help to fill the gap as the station realized significant revenue from this donation source again in fiscal year 2022. Also, NPR is working with stations to build membership through attracting underdeveloped audiences that primarily listen through digital mediums such as streaming, podcasts, mobile, and online.

WNMU-FM continues to promote student internships and directed studies that provide NMU students with practical learning experiences without direct cost to the station. These connections leverage the station's facilities and staff to aid in fulfilling the university's academic mission. New opportunities are being explored to include more students in other departments.

With the help of the NMU Foundation, WNMU-FM will continue developing plans for attracting major giving, planned giving, legacy giving, and corporate support. These have the potential to help fund special projects that will improve the station's listener profile, provide modern facilities for station operations, and provide enriching, educational, and engaging programming for the community.

WNMU-FM has also taken additional steps to increase its presence within the community by partnering with other media outlets on collaborative programs. While in-person events, special tours and fundraising have mostly returned to active status following the COVID-19 pandemic, station managers will use the renewed in-person visits to reconnect with listener volunteers involved with station support.

MANAGEMENT'S DISCUSSION AND ANALYSIS
WNMU-FM
(concluded)

Factors Impacting Future Periods (continued)

WNMU-FM closely monitors its federal grants and the status of legislative appropriations. The station also takes a conservative approach when factoring CPB grants into its budget and looks for ways to increase local fundraising and underwriting. WNMU-FM completed its first year with new station and general management following the retirement of its long-serving station and general managers. The new management is committed to growing the number of station listeners with refreshed program offerings and local production projects that involve a wider base of community members.



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
WNMU TV and WNMU FM
1401 Presque Isle Avenue
Marquette, Michigan 49855

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WNMU TV and WNMU FM, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the WNMU TV and WNMU FM's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WNMU TV or WNMU FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the WNMU TV and WNMU FM's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WNMU TV and WNMU FM's basic financial statements. The accompanying statements of functional expenses are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the WNMU TV and WNMU FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on WNMU TV and WNMU FM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WNMU TV and WNMU FM's internal control over financial reporting and compliance.

Anderson, Jackman & Company, PLLC
Certified Public Accountants

December 15, 2022

WNMU-TV
Statements of Net Position

	June 30	
	2022	2021 as restated
ASSETS		
Current assets		
Cash and cash equivalents	\$3,859,271	\$3,461,288
Accounts receivable	2,150	38,230
Interest receivable	273	76
Current lease receivable	3,157	7,401
Other assets	18,531	20,155
Total current assets	3,883,382	3,527,150
Noncurrent assets		
Long-term lease receivable	9,293	2,248
Long-term investments	99,320	122,368
Net OPEB Asset	16,961	
Capital assets, net	1,474,916	1,618,686
Total noncurrent assets	1,600,490	1,743,302
Total assets	5,483,872	5,270,452
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB amounts	4,140	5,697
Deferred pension amounts	46,375	22,481
Total deferred outflows of resources	50,515	28,178
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,701	2,235
Accrued payroll and benefits	36,467	39,498
Unearned revenue	7,729	628
Paycheck Protection Program payable		127,894
Early Retirement Incentive Program-current portion	14,680	51,796
Total current liabilities	62,577	222,051
Noncurrent liabilities		
Net OPEB liability		20,250
Net pension liability	199,449	327,269
Early Retirement Incentive Program		14,680
Total noncurrent liabilities	199,449	362,199
Total liabilities	262,026	584,250
DEFERRED INFLOWS OF RESOURCES		
Deferred lease amounts	12,277	9,088
Deferred OPEB amounts	11,127	2,257
Deferred pension amounts	64,646	10,124
Total deferred inflows of resources	88,050	21,469
NET POSITION		
Net investment in capital assets	1,474,916	1,618,686
Restricted	99,320	122,368
Unrestricted	3,610,075	2,951,857
Total net position	\$5,184,311	\$4,692,911

See notes to financial statements.

WNMU-FM
Statements of Net Position

	June 30	
	2022	2021 as restated
ASSETS		
Current assets		
Cash and cash equivalents	\$784,445	\$840,419
Accounts receivable	3,349	6,679
Interest receivable	273	76
Current lease receivable	3,157	7,402
Other assets	14,142	27,515
Total current assets	805,366	882,091
Noncurrent assets		
Long-term lease receivable	9,293	2,248
Long-term investments	24,828	30,955
Net OPEB Asset	16,490	
Capital assets, net	72,399	83,066
Total noncurrent assets	123,010	116,269
Total assets	928,376	998,360
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB amounts	4,025	4,527
Deferred pension amounts	45,644	18,526
Total deferred outflows of resources	49,669	23,053
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,830	1,784
Accrued payroll and benefits	23,718	26,264
Unearned revenue	5,274	8,553
Paycheck Protection Program payable		111,906
Early Retirement Incentive Program-current portion	7,789	91,068
Total current liabilities	38,611	239,575
Noncurrent liabilities		
Net OPEB liability		16,088
Net pension liability	196,307	269,682
Early Retirement Incentive Program		29,839
Total noncurrent liabilities	196,307	315,609
Total liabilities	234,918	555,184
DEFERRED INFLOWS OF RESOURCES		
Deferred lease amounts	12,277	9,088
Deferred OPEB amounts	10,816	1,793
Deferred pension amounts	63,626	8,343
Total deferred inflows of resources	86,719	19,224
NET POSITION		
Net investment in capital assets	72,399	83,066
Restricted	24,828	30,955
Unrestricted	559,181	332,984
Total net position	\$656,408	\$447,005

See notes to financial statements.

WNMU-TV
Statements of Revenues, Expenses, and Changes in Net Position

	June 30	
	2022	2021 as restated
REVENUES		
Operating revenues		
Community service grants from Corporation for Public Broadcasting	\$861,479	\$1,301,914
Other grants	83,333	83,333
Other operating revenues	14,015	39,771
Total operating revenues	958,827	1,425,018
EXPENSES		
Operating expenses		
Program services:		
Programming and production	777,974	714,405
Broadcasting	255,539	415,456
Program information	64,756	61,043
Support services:		
Fundraising and membership development	76,000	35,283
Management and general	443,897	390,919
Depreciation	143,770	158,756
Total operating expenses	1,761,936	1,775,862
Operating loss	(803,109)	(350,844)
NONOPERATING REVENUES (EXPENSES)		
General appropriations from Northern Michigan University	382,658	384,433
Contributions	387,854	432,503
Other donated services and in-kind contributions	114,716	110,453
Investment (loss) income	(14,316)	29,974
Facilities and support provided by Northern Michigan University	283,273	289,564
Capital grants	12,430	148,389
Federal Paycheck Protection Program grant	127,894	
(Loss) on asset disposal		(39,940)
Net non-operating revenues	1,294,509	1,355,376
Increase in net position	491,400	1,004,532
NET POSITION		
Net position--beginning of year	4,692,911	3,687,836
Cumulative effect of change in accounting principle		543
Adjusted net position--beginning of year	4,692,911	3,688,379
Net position--end of year	\$5,184,311	\$4,692,911

See notes to financial statements.

WNMU-FM
Statements of Revenues, Expenses, and Changes in Net Position

	June 30	
	2022	2021 as restated
REVENUES		
Operating revenues		
Community service grants from Corporation for Public Broadcasting	\$152,742	\$346,131
Other operating revenues	9,927	12,009
Total operating revenues	162,669	358,140
EXPENSES		
Operating expenses		
Program services:		
Programming and production	399,951	370,119
Broadcasting	77,099	66,277
Program information	16,381	32,923
Support services:		
Fundraising and membership development	80,374	166,353
Management and general	236,884	363,364
Depreciation	10,667	10,666
Total operating expenses	821,356	1,009,702
Operating loss	(658,687)	(651,562)
NONOPERATING REVENUES (EXPENSES)		
General appropriations from Northern Michigan University	194,254	198,109
Contributions	410,125	420,036
Other donated services and in-kind contributions	2,711	2,675
Investment (loss) income	(3,450)	7,663
Facilities and support provided by Northern Michigan University	152,544	191,314
Federal Paycheck Protection Program grant	111,906	
Net nonoperating revenues	868,090	819,797
Increase (decrease) in net position	209,403	168,235
NET POSITION		
Net position--beginning of year	447,005	278,227
Cumulative effect of change in accounting principle		543
Adjusted net position--beginning of year	447,005	278,770
Net position--end of year	\$656,408	\$447,005

See notes to financial statements.

WNMU-TV
Statements of Cash Flows

	June 30	
	2022	2021 as restated
Cash flows from operating activities		
Grants and contracts	\$944,812	\$1,385,247
Payments to suppliers	(596,615)	(778,258)
Payments to employees	(747,479)	(746,115)
Other receipts	13,075	40,897
Net cash used by operating activities	(386,207)	(98,229)
Cash flows from noncapital financing activities		
General appropriations from Northern Michigan University	382,658	384,433
Gifts and grants received for other than capital purpose	405,768	423,211
Payments to Early Retirement Incentive Plan	(51,796)	(23,804)
Net cash provided by noncapital financing activities	736,630	783,840
Cash flows from capital and related financing activities		
Capital grants	38,828	1,214,910
Purchase of capital assets		(34,503)
Paycheck Protection Program grant proceeds		127,894
Net cash provided (used) by capital and related financing activities	38,828	1,308,301
Cash flows from investing activities		
Proceeds from sales and maturities of investments	46,785	51,282
Investment income	(14,316)	29,974
Purchase of investments	(23,737)	(82,668)
Net cash (used) provided by investing activities	8,732	(1,412)
Net increase (decrease) in cash and cash equivalents	397,983	1,992,500
Cash and cash equivalents--beginning of year	3,461,288	1,468,788
Cash and cash equivalents--end of year	\$3,859,271	\$3,461,288
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$803,109)	(\$350,844)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	143,770	158,756
Facilities and support provided by Northern Michigan University	283,273	289,564
Other donated services and in-kind contributions	114,716	110,453
Change in assets and liabilities:		
Receivables, net	(4,129)	6,839
Deferred inflows	3,189	(5,713)
Other assets	1,624	3,077
Accounts payable	1,466	(86,688)
Compensated absences/accrued payroll/net pension and OPEB	(127,007)	(223,673)
Net cash used by operating activities	(\$386,207)	(\$98,229)

See notes to financial statements.

WNMU-FM
Statements of Cash Flows

	June 30	
	2022	2021 as restated
Cash flows from operating activities		
Grants and contracts	\$152,742	\$346,131
Payments to suppliers	(248,145)	(235,598)
Payments to employees	(464,677)	(508,621)
Other receipts	8,987	13,136
Net cash used by operating activities	(551,093)	(384,952)
Cash flows from noncapital financing activities		
General appropriations from Northern Michigan University	194,254	198,109
Gifts and grants received for other than capital purpose	411,306	414,675
Payments to Early Retirement Incentive Plan	(113,118)	(4,761)
Net cash provided by noncapital financing activities	492,442	608,023
Cash Flows from Capital and Related Financing Activities		
Paycheck Protection Program grant proceeds		111,906
Net cash provided (used) by capital and related financing activities		111,906
Cash flows from investing activities		
Proceeds from sales and maturities of investments	12,061	13,065
Investment income (loss)	(3,450)	7,662
Purchase of investments	(5,934)	(20,912)
Net cash (used) provided by investing activities	2,677	(185)
Net increase in cash and cash equivalents	(55,974)	334,792
Cash and cash equivalents--beginning of year	840,419	505,627
Cash and cash equivalents--end of year	\$784,445	\$840,419
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$658,687)	(\$651,562)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	10,667	10,666
Facilities and support provided by Northern Michigan University	152,544	191,314
Other donated services and in-kind contributions	2,711	2,675
Change in assets and liabilities:		
Receivables, net	(4,129)	6,840
Deferred inflows	3,191	(5,713)
Other assets	13,373	(3,288)
Accounts payable	46	(7,017)
Compensated absences/accrued payroll/net pension and OPEB	(70,809)	71,133
Net cash used by operating activities	(\$551,093)	(\$384,952)

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM**

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The 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). WNMU-TV and WNMU-FM, as part of Northern Michigan University (the University) will follow the “business-type” activities requirements of GASB Statement No. 35, rather than issuing “fund-type” financial statements and has the following components of the financial statements:

- Management’s discussion and analysis
- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows for the WNMU-TV and WNMU-FM as a whole
- Notes to the financial statements

CHANGE IN ACCOUNTING PRINCIPLE

GASB 87 Lease Accounting

This standard is effective for the University’s fiscal year 2022 and establishes new requirements for universities to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. As a result of the change, WNMU-TV and WNMU-FM restated their fiscal year 2021 statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. Due to the restatement, WNMU-TV and WNMU-FM recognized an increase in assets of \$9,725 and \$9,726 respectively; an increase in deferred inflows for each station of \$9,088 and an increase to net position of \$637 and \$638 respectively. Also, as a result of the restatement, WNMU-TV and WNMU-FM each recognized lease revenues of \$94 resulting in a cumulative change in accounting principle of \$543. More detailed information can be found in Notes F.

REPORTING ENTITY

The University operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities, deferred outflows of resources, deferred inflows of resources, and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of The Northern Michigan University Foundation (the Foundation) specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fund raising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. In accordance with GASB Statement No. 20, WNMU-TV and WNMU-FM are required to follow all applicable GASB pronouncements.

Revenue is recognized when earned and expenses are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended. Restricted resources are spent and tracked at the WNMU-TV and WNMU-FM level within the guidelines of donor restrictions.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

Cash equivalents are all investments with original maturity dates of 90 days or less.

Investments

All investments are stated at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Non-publicly traded investments are valued based on estimates considering market prices of similar investments. Investment income includes realized and unrealized gains and losses on investments, interest, and dividends.

Institutional Physical Properties

Institutional physical properties are stated at cost when purchased and at appraised value for other acquisitions.

Institutional Physical Properties (continued)

Depreciation is provided for physical properties on a straight line basis over the estimated useful life of the property, as follows:

<u>Classification</u>	<u>Life</u>
Building, transmitter, antenna and tower	12 to 50 years
Equipment	5 to 15 years

Depreciation expense is \$143,770 and \$158,756 for 2022 and 2021, respectively, for WNMU-TV, and \$10,667 and \$10,666 for 2022 and 2021, respectively, for WNMU-FM. WNMU-TV and WNMU-FM capitalize assets with a cost of \$5,000 or greater.

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. WNMU-TV and WNMU-FM report deferred outflows of resources for certain pension and other postemployment benefits (OPEB) related amounts, such as change in expected and actual experience, change in assumptions and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note H.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. WNMU-TV and WNMU-FM report deferred inflows of resources related to capital leases discussed in Note F. WNMU-TV and WNMU-FM also report deferred inflows of resources for changes between expected and actual investment earnings provided in its pension and OPEB plans and state appropriations for pensions received subsequent to the measurement dates. More detailed information can be found in Note H.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) operating grants received from the Corporation of Public Broadcasting; (2) tower lease rentals and fees for broadcasting services; and (3) local grants for operations.

NonOperating Revenues

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as (1) general appropriations from the University; (2) gifts, contributions and donated services; (3) investment income earned on endowed funds; and (4) facilities and support provided by the University. Facilities and support is allocated based on a ratio of station expenses to total University expenses.

Operating Expenses

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries and benefits; (2) program acquisitions; (3) utilities, supplies, and other services; and (4) depreciation expense.

NonOperating Expenses

Nonoperating expenses include activities that have the characteristics of non-exchange transactions, such as capital gifts and contributions and gains or losses on asset disposal.

Subsequent Events

In preparing these financial statements, WNMU-TV and WNMU-FM have evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2022, the most recent statement of financial position presented herein, through December 15, 2022 the date these financial statements were available to be issued. No such significant events or transactions were identified.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include but are not limited to the accounts receivable allowance for bad debts, the useful lives of depreciable capital assets, the present value calculations for the deferred inflows related to capital leases, the assumptions used to estimate accrued employee compensated absences, and the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and OPEB plans.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE B – CASH AND INVESTMENTS

WNMU-TV and WNMU-FM have adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures*.

Cash and investments as of June 30 for WNMU-TV and WNMU-FM are included in the Statements of Net Position under the following classification:

<u>WNMU-TV</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$3,859,271	\$3,461,288
Long-term investments	99,320	122,368
Total	<u>\$3,958,591</u>	<u>\$3,583,656</u>
<u>WNMU-FM</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$784,445	\$840,419
Long-term investments	24,828	30,955
Total	<u>\$809,273</u>	<u>\$871,374</u>

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the station’s deposits may not be returned to it. The University invests and manages cash collectively by pooling cash reserves, including cash of WNMU-TV and WNMU-FM. The University does not have a deposit policy for custodial credit risk. It is not practicable to determine the amount reflected in the amounts of the banks (without recognition of checks written but not cleared, or of deposits in transit) that is applicable to the WNMU-TV and WNMU-FM’s portion of the pooled deposits. At year end, the carrying amount of deposits, excluding those classified as investments, was \$3,855,839 for WNMU-TV and \$783,587 for WNMU-FM. Deposits for WNMU-TV and WNMU-FM were uninsured and uncollateralized. The University is precluded by state law from collateralizing its deposits.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. WNMU-TV and WNMU-FM’s deposits are managed by the University and the Foundation. The University does not have a deposit policy for foreign currency risk. The University did not have any deposits denominated in foreign currencies at June 30, 2022 and 2021.

Investments

Monies held on deposit with the Foundation are invested in accordance with the Foundation’s Investment Policy.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Investments for WNMU-TV and WNMU-FM are held at the Foundation. The Foundation’s Investment Policy limits investments to not more than five percent of the outstanding securities of one issuer and not more than five percent of their portfolio’s assets in the outstanding securities of one issuer.

Credit Risk – Credit risk is the risk that an issuer of or counterparty to an investment will not fulfill its obligations. Investments for WNMU-TV and WNMU-FM are held at the Foundation. The Foundation’s Investment Policy does not limit exposure to credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation’s Investment Policy does not limit exposure to fair value loss by limiting investments by maturity.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE B – CASH AND INVESTMENTS (continued)

Investments (continued)

As of June 30, 2022, WNMU-TV had the following investments and maturities:

	Fair Market Value	Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$3,432	\$3,432			
Growth funds	40,012			\$40,012	
Fixed income funds	11,797		\$11,797		
Indexed funds	24,032				\$24,032
Balanced funds	12,237				12,237
Hedge funds	8,105			8,105	
Private equity funds	3,137			3,137	
Total	102,752	\$3,432	\$11,797	\$51,254	\$36,269
Less investments reported as “cash equivalents” on Statements of Net Position	(3,432)				
Total investments	\$99,320				

As of June 30, 2021, WNMU-TV had the following investments and maturities:

	Fair Market Value	Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$454	\$454			
Growth funds	55,281			\$55,281	
Fixed income funds	13,267		\$13,267		
Indexed funds	27,587				\$27,587
Balanced funds	14,517				14,517
Hedge funds	9,013			9,013	
Private equity funds	2,703			2,703	
Total	122,822	\$454	\$13,267	\$66,997	\$42,104
Less investments reported as “cash equivalents” on Statements of Net Position	(454)				
Total investments	\$122,368				

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE B – CASH AND INVESTMENTS (continued)

Investments (continued)

As of June 30, 2022, WNMU-FM had the following investments and maturities:

	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$858	\$858			
Growth funds	10,002			\$10,002	
Fixed income funds	2,949		\$2,949		
Indexed funds	6,008				\$6,008
Balanced funds	3,059				3,059
Hedge funds	2,026			2,026	
Private equity funds	784			784	
Total	<u>25,686</u>	<u>\$858</u>	<u>\$2,949</u>	<u>\$12,812</u>	<u>\$9,067</u>
Less investments reported as “cash equivalents” on Statements of Net Position		<u>(858)</u>			
Total investments	<u>\$24,828</u>				

As of June 30, 2021, WNMU-FM had the following investments and maturities:

	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$115	\$115			
Growth funds	13,984			\$13,984	
Fixed income funds	3,356		\$3,356		
Indexed funds	6,979				\$6,979
Balanced funds	3,672				3,672
Hedge funds	2,280			2,280	
Private equity funds	684			684	
Total	<u>31,070</u>	<u>\$115</u>	<u>\$3,356</u>	<u>\$16,948</u>	<u>\$10,651</u>
Less investments reported as “cash equivalents” on Statements of Net Position		<u>(115)</u>			
Total investments	<u>\$30,955</u>				

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE B – CASH AND INVESTMENTS (continued)

Fair Value Measurements

Statement No. 72 of the GASB *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect WNMU-TV and WNMU-FM own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's own data.

The following tables set forth by level, within the fair value hierarchy, the WNMU-TV investments measured at fair value on a recurring basis as of June 30:

	2022			Total
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
Money market mutual funds	\$3,432			\$3,432
Growth funds	40,012			40,012
Fixed income funds	11,797			11,797
Indexed funds	24,032			24,032
Balanced funds	12,237			12,237
Alternative investments				
Hedge funds			\$8,105	8,105
Private equity funds			3,137	3,137
Leveled investment total	\$91,510		\$11,242	\$102,752

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE B – CASH AND INVESTMENTS (continued)

Fair Value Measurements (continued)

	2021			Total
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
	Money market mutual funds	\$454		
Growth funds	55,281			55,281
Fixed income funds	13,267			13,267
Indexed funds	27,587			27,587
Balanced funds	14,517			14,517
Alternative investments				
Hedge funds			\$9,013	9,013
Private equity funds			2,703	2,703
Leveled investment total	<u>\$111,106</u>		<u>\$11,716</u>	<u>\$122,822</u>

The following tables set forth by level, within the fair value hierarchy, the WNMU-FM investments measured at fair value on a recurring basis as of June 30:

	2022			Total
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
	Money market mutual funds	\$858		
Growth funds	10,002			10,002
Fixed income funds	2,949			2,949
Indexed funds	6,008			6,008
Balanced funds	3,059			3,059
Alternative investments				
Hedge funds			\$2,026	2,026
Private equity funds			784	784
Leveled investment total	<u>\$22,876</u>		<u>\$2,810</u>	<u>\$25,686</u>

	2021			Total
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
	Money market mutual funds	\$115		
Growth funds	13,984			13,984
Fixed income funds	3,356			3,356
Indexed funds	6,979			6,979
Balanced funds	3,672			3,672
Alternative investments				
Hedge funds			\$2,280	2,280
Private equity funds			684	684
Leveled investment total	<u>\$28,106</u>		<u>\$2,964</u>	<u>\$31,070</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE C – RECEIVABLES

Receivables as of June 30 were as follows:

	WNMU-TV		WNMU-FM	
	2022	2021 as restated	2022	2021 as restated
Vendor	\$1,131		\$1,132	
Grants		\$26,399		
Business contributors	1,019	11,831	2,217	\$6,679
Interest	273	76	273	76
Leases	12,450	9,649	12,450	9,650
Total	\$14,873	\$47,955	\$16,072	\$16,405

NOTE D – FIXED ASSETS

The following table summarize, by major class of asset, the recorded costs of WNMU-TV's fixed assets as of June 30, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance
Transmitter building	\$147,806			\$147,806
Transmitter, antenna and tower	2,277,912			2,277,912
Equipment	1,014,936			1,014,936
Total at historical cost	3,440,654			3,440,654
Less accumulated depreciation for:				
Transmitter building	132,602	693		133,295
Transmitter, antenna and tower	813,813	122,358		936,171
Equipment	875,553	20,719		896,272
Total accumulated depreciation	1,821,968	143,770		1,965,738
Capital assets, net	\$1,618,686	(\$143,770)		\$1,474,916

The following table summarizes, by major class of asset, the recorded costs of WNMU-FM's fixed assets as of June 30, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance
Transmitter, antenna and tower	\$176,749			\$176,749
Equipment	144,859			144,859
Total at historical cost	321,608			321,608
Less accumulated depreciation for:				
Transmitter, antenna and tower	116,002	9,302		125,304
Equipment	122,540	1,365		123,905
Total accumulated depreciation	238,542	10,667		249,209
Capital assets, net	\$83,066	(\$10,667)		\$72,399

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE D – FIXED ASSETS (continued)

The following table summarize, by major class of asset, the recorded costs of WNMU-TV's fixed assets as of June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Transmitter building	\$147,806			\$147,806
Transmitter, antenna and tower	2,661,790	\$15,525	\$399,403	2,277,912
Equipment	995,958	18,978		1,014,936
Total at historical cost	3,805,554	34,503	399,403	3,440,654
Less accumulated depreciation for:				
Transmitter building	131,216	1,386		132,602
Transmitter, antenna and tower	1,041,183	132,093	359,463	813,813
Equipment	850,276	25,277		875,553
Total accumulated depreciation	2,022,675	158,756	359,463	1,821,968
Capital assets, net	<u>\$1,782,879</u>	<u>(\$124,253)</u>	<u>\$39,940</u>	<u>\$1,618,686</u>

The following table summarizes, by major class of asset, the recorded costs of WNMU-FM's fixed assets as of June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Transmitter, antenna and tower	\$176,749			\$176,749
Equipment	144,859			144,859
Total at historical cost	321,608			321,608
Less accumulated depreciation for:				
Transmitter, antenna and tower	106,701	\$9,301		116,002
Equipment	121,175	1,365		122,540
Total accumulated depreciation	227,876	10,666		238,542
Capital assets, net	<u>\$93,732</u>	<u>(\$10,666)</u>		<u>\$83,066</u>

Fixed assets are capitalized at cost including ancillary charges necessary to place the asset into use. Interest expense on debt incurred for construction is included in the asset cost for the period of construction.

NOTE E – PAYABLES

Payables as of June 30 were as follows:

	<u>WNMU-TV</u>		<u>WNMU-FM</u>	
	2022	2021	2022	2021
Accrued payroll and benefits	\$36,467	\$39,498	\$23,718	\$26,264
Vendors	3,701	2,235	1,830	1,784
Total	<u>\$40,168</u>	<u>\$41,733</u>	<u>\$25,548</u>	<u>\$28,048</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE F – LEASES

Lessor – WNMU-TV and WNMU-FM are involved in 3 agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the lessor will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the years ended June 30, 2022 and 2021 was \$8,144 and \$7,011, respectively for WNMU-TV and WNMU-FM. The present values are discounted using an interest rate of 2.46 percent based on the University's 2022 and 2021 borrowing rate.

	Remaining Term of Agreements	
Asset Type		
Buildings and infrastructure	1 to 10 years	

Lease receivable activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Leases receivable WNMU-TV	\$9,649	\$11,333	\$8,532	\$12,450
Leases receivable WNMU-FM	\$9,650	\$11,333	\$8,533	\$12,450

Lease receivable activity for the year ended June 30, 2021 was as follows:

	Beginning Balance*	Additions	Deductions	Ending Balance
Leases receivable WNMU-TV	\$15,249	\$1,298	\$6,898	\$9,649
Leases receivable WNMU-FM	\$15,249	\$1,298	\$6,897	\$9,650

* The WNMU-TV and WNMU-FM implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases receivables have been added to the beginning balances shown above and a corresponding deferred inflow has been recorded.

NOTE G – OPERATING EXPENSES

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

	WNMU-TV		WNMU-FM	
	2022	2021	2022	2021
Salaries, wages and benefits	\$620,472	\$522,443	\$393,869	\$579,754
Supplies and support services	605,934	712,925	268,624	298,348
Program acquisition	391,740	381,738	148,196	120,934
Depreciation expense	143,770	158,756	10,667	10,666
Total	\$1,761,916	\$1,775,862	\$821,356	\$1,009,702

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H – RETIREMENT PLANS

WNMU-TV and WNMU-FM, as part of the University, participates in two retirement plans: Teachers Insurance and Annuities Association TIAA and the Michigan Public School Employees' Retirement System (System or MPERS). University employees hired after January 1, 1996 can only participate in TIAA based on changes in State of Michigan (State) legislation during 1995.

The University does not provide health care benefits to retirees under the TIAA plan. Group medical, prescription drug, dental and vision are provided to retirees as part of the University's participation in MPERS.

Teachers Insurance and Annuities Association (TIAA)

The TIAA plan is a defined contribution retirement plan. Substantially all full-time employees of the University are eligible to participate in the TIAA plan. Employee benefits vest immediately. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract, and has no liability beyond its own contribution.

WNMU-TV and WNMU-FM's contributions to the TIAA plan are as follows for the year ended June 30:

	2022	2021	2020
WNMU-TV Contributions	\$38,620	\$37,152	\$37,492
WNMU-TV Covered Payroll	378,519	369,068	370,205
WNMU-FM Contributions	16,528	26,178	26,974
WNMU-FM Covered Payroll	166,161	238,735	250,440

Michigan Public School Employees' Retirement System (MPERS)

Plan Description

The University contributes to the MPERS, a cost-sharing multi-employer, state-wide, defined benefit public employee retirement plan governed by the State originally created under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the system.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the options of receiving health, prescription drug, dental and vision coverage under the Michigan Public Schools Employees Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPERS is as follows:

Plan Name	Plan Type	Plan Status
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPSERS) (continued)

The *Member Investment Plan* (MIP) includes additional subgroups based on hire date. The *MIP Fixed* plan includes members hired prior to January 1, 1990. The *MIP Graded* plan includes members first hired from January 1, 1990 through June 30, 2008. The *MIP Plus* plan includes members first hired from July 1, 2008 through June 30, 2010. Members who initially enrolled in the MIP plan and made a voluntary election to contribute a higher rate are participants in the *MIP 7%* plan.

Members hired between July 1, 2010 and September 3, 2012 were enrolled in the *Pension Plus* plan. Members hired on or after September 4, 2012 are automatically enrolled in this plan unless an election is made to participate in the defined contribution plan. The plan includes a pension component as well as a savings component. Member contributions to the savings component are matched at a rate of 50% by the employer (up to a maximum of 1%) and invested in a 401(k) plan.

Effective February 1, 2013, members that initially enrolled in MIP were provided the option to convert to a defined contribution plan (*Basic 4%*). In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4% employer contributions to a personal 401(k) account.

A member first enrolling in MPSERS on or after September 4, 2012 may elect to enroll in the *defined contribution* plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the Pension Plus plan as described above.

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.5%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her membership contributions to the retirement system account, if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate the service through repayment of the refund upon satisfaction of certain requirements.

Other Postemployment Benefits Provided (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of OPEB, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% and for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Public Act 300 of 2012 granted all active members of the MPERS, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the system are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes the pension contribution rates in effect for fiscal year 2022.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	26.26%
Member Investment Plan	3.0 – 7.0	26.26
Pension Plus	3.0 – 6.4	N/A
Defined Contribution	0.0	19.74

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

The University's contributions to MPERS under all pension plans as described above for the years ended June 30, 2022, 2021, and 2020 were \$5,460,575, \$4,788,721, and \$4,712,064, respectively.

The schedule below summarizes the OPEB contribution rates in effect for fiscal year 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	6.91%
Personal Healthcare Fund (PHF)	0.00	5.99

The University's required contributions to the OPEB plan for the years ended June 30, 2022, 2021, and 2020 were \$1,286,655, \$1,245,672, and \$1,216,972, respectively.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The University reported a liability of \$53,111,511 and \$64,568,315 as of June 30, 2022 and 2021 respectively, for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019 respectively. The University's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the University's proportion (as calculated by MPERS) was 9.45289%, which was a decrease of .00047% from its proportion measured as of September 30, 2020 of 9.45336%.

As part of the University, WNMU-TV reported a net pension liability of \$199,499 and \$327,269 as of June 30, 2022 and 2021, respectively, and WNMU-FM reported a net pension liability \$196,307 and \$269,682 as of June 30, 2022 and 2021, respectively. At September 30, 2021, the WNMU-TV's and WNMU-FM's proportion of the net pension liability based on required contributions was 0.37553% and 0.36961% respectively. At September 30, 2020, the WNMU-TV's and WNMU-FM's proportion of the net pension liability based on required contributions was 0.50686% and 0.41767% respectively.

For the year ended June 30, 2022 WNMU-TV and WNMU-FM recognized pension expenses of \$4,645 and \$4,572, respectively.

For the year ended June 30, 2021 WNMU-TV and WNMU-FM recognized pension expenses of \$25,373 and \$20,908, respectively.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

At June 30, 2022, the stations reported deferred outflows and deferred inflows of resources from the following sources:

WNMU-TV	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$26,855
State appropriations for MPERS Station contributions subsequent to the measurement date	\$46,375	37,791
Total	<u>\$46,375</u>	<u>\$64,646</u>
WNMU-FM	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$26,431
State appropriations for MPERS Station contributions subsequent to the measurement date	\$45,644	37,195
Total	<u>\$45,644</u>	<u>\$63,626</u>

The amount of deferred outflows of resources related to WNMU-TV and WNMU-FM contributions, subsequent to the measurement date, will be recognized as a reduction in net pension liability for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30	WNMU-TV	WNMU-FM
2023	(\$7,170)	(\$7,057)
2024	(5,874)	(5,782)
2025	(6,596)	(6,492)
2026	(7,215)	(7,100)
Total	<u>(\$26,855)</u>	<u>(\$26,431)</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

At June 30, 2021, WNMU-TV and WNMU-FM reported deferred outflows and deferred inflows of resources from the following sources:

WNMU-TV	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$416	
	416	
State appropriations for MPERS Station contributions subsequent to the measurement date	22,065	\$10,124
Total	\$22,481	\$10,124
WNMU-FM	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$343	
	343	
State appropriations for MPERS Station contributions subsequent to the measurement date	18,183	\$8,343
Total	\$18,526	\$8,343

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

OPEB Asset/Liability, OPEB Expense, Deferred Outflows of Resource, and Deferred Inflows of Resources Related to OPEB

The University reported a net asset of \$4,044,395 and a liability of \$3,969,975 as of June 30, 2022 and 2021, respectively for its proportionate share of the MPERS net OPEB asset/liability. The net OPEB asset/liability was measured as of September 30, 2021 and 2020, respectively and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019, respectively. The University's proportion of the net OPEB asset/liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the University's proportion (as calculated by MPERS) was 9.43231% which was an increase of 0.03687% from its proportion measured as of September 30, 2020 of 9.39544%.

As part of the University, WNMU-TV reported a net OPEB asset of \$16,961 for 2022 and a net OPEB liability of \$20,250 for 2021 and WNMU-FM reported a net OPEB asset of \$16,490 for 2022 and a net OPEB liability of \$16,088 for 2021. At September 30, 2021, the station's proportion of the net OPEB asset based on required contributions was 0.41938% and 0.40772% for WNMU-TV and WNMU-FM respectively. At September 30, 2020, the stations' proportion of the net OPEB liability based on required contribution was 0.51009% and 0.40524% for WNMU-TV and WNMU-FM respectively.

For the year ended June 30, 2022 WNMU-TV and WNMU-FM recognized a reduction in OPEB expenses of \$18,536 and \$18,021, respectively.

For the year ended June 30, 2021 WNMU-TV and WNMU-FM recognized a reduction in OPEB expenses of \$20,226 and \$16,068, respectively.

At June 30, 2022, the WNMU-TV and WNMU-FM reported deferred outflows and deferred inflows of resources from the following sources:

<u>WNMU-TV</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience		\$9,704
Changes in assumptions		
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>9,704</u>
State appropriations for MPERS		1,423
Station contributions subsequent to the measurement date	<u>\$4,140</u>	
Total	<u>\$4,140</u>	<u>\$11,127</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

OPEB Asset/Liability, OPEB Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to OPEB (continued)

WNMU-FM	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience		\$9,433
Changes in assumptions		
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between employer contributions and proportionate share of contributions		9,433
State appropriations for MPERS		1,383
Station contributions subsequent to the measurement date	\$4,025	1,383
Total	\$4,025	\$10,816

The amount of deferred outflows of resources related to WNMU-TV and WNMU-FM contributions, subsequent to the measurement date, will be recognized as a reduction in net OPEB liability for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	WNMU-TV	WNMU-FM
2023	(\$2,519)	(\$2,448)
2024	(2,193)	(2,132)
2025	(2,386)	(2,320)
2026	(2,606)	(2,533)
Total	(\$9,704)	(\$9,433)

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

OPEB Asset/Liability, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2021, the stations reported deferred outflows and deferred inflows of resources from the following sources:

WNMU-TV	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience		\$552
Changes in assumptions	\$99	
Net difference between projected and actual earnings on OPEB plan investments	421	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2	
	522	552
State appropriations for MPERS		1,705
Station contributions subsequent to the measurement date	5,175	
	\$5,697	\$2,257
Total	\$5,697	\$2,257
WNMU-FM	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience		\$438
Changes in assumptions	\$78	
Net difference between projected and actual earnings on OPEB plan investments	335	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2	
	415	438
State appropriations for MPERS		1,355
Station contributions subsequent to the measurement date	4,112	
	\$4,527	\$1,793
Total	\$4,527	\$1,793

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liability in the September 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Additional information as of the latest actuarial valuation follows:

Valuation Date	September 30, 2020 and 2019
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return Pension	
MIP and Basic Plans (Non-Hybrid)	6.80% net of investment expenses
Pension Plus Plan (Hybrid)	6.80% net of investment expenses
Pension Plus 2 Plan (Hybrid)	6.00%
Projected Salary Increases	2.75 – 11.55% including wage inflation at 2.75%
Investment Rate of Return OPEB	6.95% net of investment expenses
Cost-of-living Pension adjustments	3% annual Non-Compounded for MIP Members
Healthcare cost trend rate	Pre 65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	Post 65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120 RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those 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 1 or more dependents.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Actuarial Assumptions (continued)

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension and OPEB liabilities is 1.0000 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years. Full actuarial assumptions are available in the 2021 and 2020 MPERS Comprehensive Annual Financial Report (www.michigan.gov/orsschools).

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 1.0000 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 1.3472 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years. Full actuarial assumptions are available in the 2020 and 2019 MPERS Comprehensive Annual Financial Report.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Pension			
As of September 30, 2021			
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-weighted Rate of Return
Domestic equity pools	25.0%	5.40%	1.35%
Alternative investment pools	16.0	9.10	1.46
International equity pools	15.0	7.50	1.13
Fixed income pools	10.5	-0.70	-0.07
Real estate and infrastructure pools	10.0	5.40	0.54
Absolute return pools	9.0	2.60	0.23
Real return/opportunistic pools	12.5	6.10	0.76
Short-term investment pools	<u>2.0</u>	-1.30	<u>-0.03</u>
Total	<u>100.0%</u>		5.37
Inflation			2.00
Risk adjustment			<u>-0.57</u>
Investment rate of return			<u>6.80%</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Long-term Expected Return on Plan Assets (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Pension			
As of September 30, 2020			
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-weighted Rate of Return
Domestic equity pools	25.0%	5.60%	1.40%
Alternative investment pools	16.0	9.30	1.49
International equity pools	15.0	7.40	1.11
Fixed income pools	10.5	0.50	0.05
Real estate and infrastructure pools	10.0	4.90	0.49
Absolute return pools	9.0	3.20	0.29
Real return/opportunistic pools	12.5	6.60	0.83
Short-term investment pools	<u>2.0</u>	-0.01	<u>0.00</u>
Total	<u>100.0%</u>		5.66
Inflation			2.30
Risk adjustment			<u>-1.16</u>
Investment rate of return			<u><u>6.80%</u></u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPSERS) (continued)

Long-term Expected Return on Plan Assets (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

OPEB
As of September 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Expected Money-weighted Rate of Return</u>
Domestic equity pools	25.0%	5.40%	1.35%
Alternative investment pools	16.0	9.10	1.46
International equity pools	15.0	7.50	1.13
Fixed income pools	10.5	-0.70	-0.07
Real estate and infrastructure pools	10.0	5.40	0.54
Absolute return pools	9.0	2.60	0.23
Real return/opportunistic pools	12.5	6.10	0.76
Short-term investment pools	<u>2.0</u>	-1.30	<u>-0.03</u>
Total	<u>100.0%</u>		5.37
Inflation			2.00
Risk adjustment			<u>-0.42</u>
Investment rate of return			<u>6.95%</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Long-term Expected Return on Plan Assets (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020 are summarized in the following table:

OPEB
As of September 30, 2020

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money- weighted Rate of Return
Domestic equity pools	25.0%	5.60%	1.40%
Alternative investment pools	16.0	9.30	1.49
International equity pools	15.0	7.40	1.11
Fixed income pools	10.5	0.50	0.05
Real estate and infrastructure pools	10.0	4.90	0.49
Absolute return pools	9.0	3.20	0.29
Real return/opportunistic pools	12.5	6.60	0.83
Short-term investment pools	<u>2.0</u>	-0.10	<u>0.00</u>
Total	<u>100.0%</u>		5.66
Inflation			2.10
Risk adjustment			<u>-0.81</u>
Investment rate of return			<u>6.95%</u>

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus Plan, a hybrid plan provided through non-university employers only). A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% and 6.95% on OPEB plan investments. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the University's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportional share of net pension liability calculated using the discount rate of 6.80%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.80%) or 1% higher (7.80%) than the current rate as of June 30, 2022:

	1% Decrease (5.80%)	Current Single Discount Rate Assumption (6.80%)	1% Increase (7.80%)
University's proportionate share of net pension liability	\$63,813,630	\$53,111,511	\$43,975,007

The following presents the University's proportional share of net pension liability calculated using the discount rate of 6.80%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.80%) or 1% higher (7.80%) than the current rate as of June 30, 2021:

	1% Decrease (5.80%)	Current Single Discount Rate Assumption (6.80%)	1% Increase (7.80%)
University's proportionate share of net pension liability	\$75,670,139	\$64,568,315	\$55,100,728

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Sensitivity of the University's Proportionate Share of Net OPEB Asset/Liability to Changes in the Discount Rate

The following presents the University's proportional share of net OPEB asset calculated using the discount rate of 6.95%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.95%) or 1% higher (7.95%) than the current rate as of June 30, 2022:

	1% Decrease (5.95%)	Current Single Discount Rate Assumption (6.95%)	1% Increase (7.95%)
University's proportionate share of net OPEB asset	(\$2,474,826)	(\$4,044,395)	(\$5,387,918)

The following presents the University's proportional share of net OPEB liability calculated using the discount rate of 6.95%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.95%) or 1% higher (7.95%) than the current rate as of June 30, 2021:

	1% Decrease (5.95%)	Current Single Discount Rate Assumption (6.95%)	1% Increase (7.95%)
University's proportionate share of net OPEB liability	\$5,935,011	\$3,969,975	\$2,296,219

Sensitivity of the University's Proportional Share of Net OPEB Asset/Liability to Healthcare Cost Trend Rate

The following presents the University's proportional share of net OPEB asset calculated using assumed trend rate of 7.75%, as well as what the University's net OPEB liability would be if it were calculated using a trend rate that is 1% lower (6.75%) or 1% higher (8.75%) than the current rate as of June 30, 2022:

	1% Decrease (6.75%)	Current Healthcare Cost Trend (7.75%)	1% Increase (8.75%)
University's proportionate share of net OPEB asset	(\$5,488,809)	(\$4,044,395)	(\$2,396,981)

The following presents the University's proportional share of net OPEB liability calculated using assumed trend rate of 7.50%, as well as what the University's net OPEB liability would be if it were calculated using a trend rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate as of June 30, 2021:

	1% Decrease (6.00%)	Current Healthcare Cost Trend (7.00%)	1% Increase (8.00%)
University's proportionate share of net OPEB liability	\$2,184,748	\$3,969,975	\$6,013,131

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPERS) (continued)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plans' fiduciary net position is available in the separately issued MPERS financial statements available on the ORS website at www.michigan.gov/orsschools.

NOTE I—EARLY RETIREMENT INCENTIVE PLAN

During fiscal year 2020, the University established an Early Retirement Incentive Plan (ERIP) available to all current full-time employees who completed ten years of service by August 31, 2020. Employees had to apply for the ERIP no later than June 19, 2020. Approved employees were eligible for post-separation cash severance benefits. Employees could elect Cobra health coverage benefits at the employee's expense for a period not to exceed 36 months. The ERIP is expected to be paid over a three-year period beginning in fiscal year 2021. The ERIP liability as of June 30, 2022 and 2021 was approximately \$14,700 and \$66,500, respectively for WNMU-TV, of which approximately \$14,700 is payable in fiscal year 2023. The ERIP liability as of June 30, 2022 and 2021 was approximately \$7,800 and \$120,900, respectively for WNMU-FM, of which approximately \$7,800 is payable in fiscal year 2023.

NOTE J – CHANGES IN UNEARNED REVENUE

	<u>WNMU-TV</u>		<u>WNMU-FM</u>	
	2022	2021	2022	2021
Balance at beginning of year	\$628	\$464	\$8,553	\$8,240
Additions:				
Contributions and investment income	36,727	97,791	49,232	51,836
Deductions:				
Contributions recognized as revenue	(29,626)	(97,627)	(52,511)	(51,523)
Balance at June 30	<u>\$7,729</u>	<u>\$628</u>	<u>\$5,274</u>	<u>\$8,553</u>

NOTE K – LIABILITY INSURANCE

WNMU-TV and WNMU-FM, as part of the University, participate in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.), which provides indemnity to members against comprehensive general liability, property and casualty, and errors and omissions losses commonly covered by insurance and provides risk management and loss control services and programs. M.U.S.I.C. provides coverage for claims in excess of agreed upon deductibles.

Loss coverages are structured on a three layer basis with each member retaining a portion of its losses; M.U.S.I.C. covering the second layer and commercial carriers covering the third layer. Comprehensive general liability coverage is provided on an occurrence basis; errors and omissions coverage are provided on a claim made basis.

M.U.S.I.C. was established on May 28, 1987 pursuant to the State of Michigan Constitution of 1963, Article 8, Sections 5 and 6, and subsequently they incorporated as a Michigan nonprofit corporation pursuant to the provisions of Act 162 Public Acts of 1982. Eleven Michigan Public universities participate in M.U.S.I.C. All members have signed a participation agreement. Participant contributions are assessed on an annual basis to cover insurance risks retained as a group, costs related to excess coverage, and general and administrative expenses. Members' equity totaled \$5,583,999 at June 30, 2022, based on the last published financial statements.

Additional broadcasting liability insurance of \$1,000,000 is purchased under a separate policy.

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(continued)

NOTE K – LIABILITY INSURANCE (continued)

Self-insurance

The University is self-insured for health, dental, vision, workers' compensation, and short-term disability for all employees. Liabilities for estimates of losses retained by the University under self-insurance programs have been established.

Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits, including prescription drugs, and workers' compensation claims. The medical stop-loss insurance limits the claims for medical/prescription benefits to \$525,000 and \$500,00 per covered individual for fiscal years ended June 30, 2022 and 2021, respectively. The workers' compensation stop-loss insurance limits the University's liability for claims paid per individual to \$500,00 and \$450,000 for fiscal years ended June 30, 2022 and 2021, respectively, the aggregate excess insured maximum liability is \$5,000,000. Changes in the estimated liability for the fiscal years ended June 30, 2022 for health benefits, including dental and vision, were as follows:

Claims activity for the year ended June 30, 2022:

	Liability – Beginning of Year	Claims Incurred, Including changes in estimates	Claims Payments	Liability – End of Year
Medical claims	\$3,003,225	\$12,684,363	(\$12,317,775)	\$3,369,813
Workers' compensation	23,881	138,406	(96,369)	65,918
Total	\$3,027,106	\$12,822,769	(\$12,414,144)	\$3,435,731

Claims activity for the year ended June 30, 2021:

	Liability – Beginning of Year	Claims Incurred, Including changes in estimates	Claims Payments	Liability – End of Year
Medical claims	\$1,719,547	\$13,631,048	(\$12,347,370)	\$3,003,225
Workers' compensation	41,033	175,143	(192,295)	23,881
Total	\$1,760,580	\$13,806,191	(\$12,539,665)	\$3,027,106

NOTES TO FINANCIAL STATEMENTS
WNMU-TV AND WNMU-FM
(concluded)

NOTE L – CONTINGENCIES

The University receives significant financial assistance from State and Federal agencies in the form of grants and awards. The use of these funds generally requires compliance with grantor terms and conditions and is subject to audit by the grantor agency.

Disallowed expenditures resulting from grantor audits could become a liability of the University, however, management believes that any future disallowances, if any, would not have a material effect on the University's financial statements.

In the normal course of its activities, the University is a party in various legal actions. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

NOTE M – SUBSEQUENT EVENT

In accordance with Michigan Public Act 144 of 2022, Section 236(h), the State of Michigan allocated funding to the participating MPERS universities. The purpose of the funding is for payments toward pension and OPEB UAAL liabilities associated with university member and pension recipients. The University's proportionate share of this allocation was \$28,086,864. This funding was received from the State and transferred back to the Office of Retirement Services in September of 2022.

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2022

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

*Schedule of WNMU-TV's Proportionate Share of the University's Net Pension Liability
Amounts determined as of September 30 of each Fiscal Year*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. WNMU-TV's proportionate share of net pension liability as a percentage	0.37553%	0.50686%	0.79676%	0.91361%	0.99880%	1.01786%	1.08533%	1.37451%
B. WNMU-TV's proportionate share of net pension liability	\$199,449	\$327,269	\$502,987	\$546,303	\$537,917	\$536,377	\$590,480	\$515,596
C. WNMU-TV's covered payroll	\$78,090	\$76,125	\$127,595	\$153,655	\$144,578	\$143,330	\$176,735	\$204,578
D. WNMU-TV's proportionate share of net pension liability as a percentage of its covered payroll	255.47%	429.91%	394.21%	355.54%	372.06%	374.23%	334.10%	252.03%
E. Plan fiduciary net position as a percentage of total pension liability	52.26%	43.07%	44.24%	45.87%	47.42%	46.77%	47.45%	63.00%

*Schedule of WNMU-FM's Proportionate Share of the University's Net Pension Liability
Amounts determined as of September 30 of each Fiscal Year*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. WNMU-FM's proportionate share of net pension liability as a percentage	0.36961	0.41767%	0.29272%	0.27321%	0.29150%	0.50331%	0.62276%	0.60861%
B. WNMU-FM's proportionate share of net pension liability	\$196,307	\$269,682	\$184,788	\$163,372	\$156,992	\$265,227	\$338,819	\$228,286
C. WNMU-FM's covered payroll	\$77,061	\$76,837	\$55,105	\$52,828	\$55,532	\$85,580	95,193	\$100,552
D. WNMU-FM's proportionate share of net pension liability as a percentage of its covered payroll	254.74%	350.98%	335.34%	309.25%	282.71%	309.92%	355.93%	227.03%
E. Plan fiduciary net position as a percentage of total pension liability	52.26%	43.07%	44.24%	45.87%	47.42%	46.77%	47.45%	63.00%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2022
(continued)

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN (continued)

Schedule of WNMU-TV's Pension Contributions
Amounts determined as of June 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions Contributions in relation to the statutorily required contribution	\$ 20,506	\$ 24,272	\$ 37,544	\$ 43,227	\$ 62,864	\$ 34,367	\$ 36,933	\$ 45,558
	(20,506)	(24,272)	(37,544)	(43,227)	(62,864)	(34,367)	(36,933)	(45,558)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WNMU-TV's covered payroll	\$ 34,633	\$ 92,662	\$ 58,137	\$ 150,746	\$ 144,578	\$ 141,223	\$ 144,032	\$ 187,635
Contributions as a percentage of covered payroll	59.21%	26.19%	64.58%	28.68%	43.48%	24.34%	25.64%	24.28%

Schedule of WNMU-FM's Pension Contributions
Amounts determined as of June 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 20,183	\$ 20,001	\$ 13,793	\$ 12,927	\$ 18,347	\$ 16,994	\$ 21,192	\$ 20,773
Contributions in relation to the contractually required contribution	(20,183)	(20,001)	(13,793)	(12,927)	(18,347)	(16,994)	(21,192)	(20,773)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WNMU-FM's covered payroll	92,411	\$ 71,943	\$ 55,780	\$ 54,881	\$ 55,532	\$ 56,661	\$ 95,220	\$ 95,183
Contributions as a percentage of covered payroll	21.84%	27.80%	24.73%	23.55%	33.04%	29.99%	22.26%	21.82%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2022
(continued)

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN (continued)

Schedule of WNMU-TV's Proportionate Share of the University's Net OPEB Asset/Liability
Amounts determined as of September 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. WNMU-TV's proportionate share of net OPEB liability as a percentage	0.41938%	0.51009%	0.81292%	0.95870%	0.93441%
B. WNMU-TV's proportionate share of net OPEB liability (asset)	(\$16,961)	\$20,250	\$69,960	\$106,551	\$124,604
C. WNMU-TV's covered payroll	\$78,090	\$76,125	\$127,595	\$153,655	\$144,578
D. WNMU-TV's proportionate share of net OPEB liability as a percentage of its covered payroll	-21.72%	26.60%	54.83%	69.34%	86.18%
E. Plan fiduciary net position as a percentage of total OPEB liability	123.91%	80.04%	61.07%	51.90%	44.11%

Schedule of WNMU-FM's Proportionate Share of the University's Net OPEB Asset/Liability
Amounts determined as of September 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. WNMU-FM's proportionate share of net OPEB liability as a percentage	0.40772%	0.40524%	0.29072%	0.27981%	0.26225%
B. WNMU-FM's proportionate share of net OPEB liability (asset)	(\$16,490)	\$16,088	\$25,019	\$31,099	\$34,972
C. WNMU-FM's covered payroll	\$77,061	\$76,837	\$55,105	\$52,828	\$55,532
D. WNMU-FM's proportionate share of net OPEB liability as a percentage of its covered payroll	-21.40%	20.94%	45.40%	58.87%	62.98%
E. Plan fiduciary net position as a percentage of total OPEB liability	123.91%	80.04%	61.07%	51.90%	44.11%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2022
(concluded)

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN (continued)

Schedule of WNMU-TV's OPEB Contributions
Amounts determined as of June 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 5,396	\$ 6,354	\$ 9,893	\$ 11,656	\$ 6,466
Contributions in relation to the statutorily required contribution	<u>(5,396)</u>	<u>(6,354)</u>	<u>(9,893)</u>	<u>(11,656)</u>	<u>(6,466)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WNMU-TV's covered payroll	\$ 34,633	\$ 76,125	\$ 127,595	\$ 150,746	\$ 144,578
Contributions as a percentage of covered payroll	15.58%	8.35%	7.75%	7.73%	4.47%

Schedule of WNMU-FM's OPEB Contributions
Amounts determined as of June 30 of each Fiscal Year

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 5,246	\$ 5,048	\$ 3,538	\$ 3,402	\$ 1,815
Contributions in relation to the statutorily required contribution	<u>(5,246)</u>	<u>(5,048)</u>	<u>(3,538)</u>	<u>(3,402)</u>	<u>(1,815)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
WNMU-FM's covered payroll	\$ 92,411	\$ 76,837	\$ 55,105	\$ 54,881	\$ 55,532
Contributions as a percentage of covered payroll	5.68%	6.57%	6.42%	6.20%	3.27%

See notes to required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2022

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedules of WNMU-TV's and WNMU-FM's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 – The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 – The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.8% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 plan.
- 2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 – The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of WNMU-TV's and WNMU-FM's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 – The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 – The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%
- 2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

**STATEMENT OF FUNCTIONAL EXPENSES
WNMU-TV**

Year ended June 30, 2022

	Program Services			Support Services			
	Programming and Production	Broadcasting	Program Information	Total Program Services	Fund Raising and Membership Development	Management and General	Total Supporting Services
Salaries, wages and benefits	\$ 241,117	\$ 166,528	\$ 38,526	\$ 446,171	\$ 44,384	\$ 129,917	\$ 174,301
Professional services	6,268	12,448		18,716	12,214	23,097	35,311
Supplies	805		25	830		2,450	2,450
Telephone							
Postage	261	24	4,260	4,545	7,270	2,228	9,498
Advertising	216			216	67	180	247
Occupancy		375		375			
Rental and maintenance of equipment	11,909	53,675	614	66,198	1,601	1,582	3,183
Printing and publications	4,008		21,331	25,339	4,447	425	4,872
Travel	1,296	338		1,634			
Program acquisition	391,740			391,740	6,017		6,017
Program production costs	116,290			116,290			
Utilities		22,151		22,151		41	41
Dues and memberships	4,064			4,064		1,079	1,079
Indirect costs						282,898	282,898
	<u>\$ 777,974</u>	<u>\$ 255,539</u>	<u>\$ 64,756</u>	<u>\$ 1,098,269</u>	<u>\$ 76,000</u>	<u>\$ 443,897</u>	<u>\$ 519,897</u>

**STATEMENT OF FUNCTIONAL EXPENSES
WNMU-FM**

Year ended June 30, 2022

	Program Services			Support Services		
	Programming and Production	Broadcasting	Program Information	Fund Raising and Membership and Development	Management and General	Total
Salaries, wages and benefits	\$ 232,258	\$ 25,978	\$ 12,180	\$ 45,814	\$ 77,639	\$ 123,453
Professional services	5,830		424	21,787	2,923	24,710
Supplies	768		25	2,500	1,084	3,584
Telephone	888					
Postage		73	439	4,374	64	4,438
Advertising			2,586	67		67
Occupancy		125				
Rental and maintenance of equipment	8,316	16,752		660	684	1,344
Printing and publications			727	5,048		5,048
Travel		338		124		124
Program acquisition	148,196					
Program production costs	1,650	1,110				
Utilities		32,723				
Dues and memberships	2,045				1,540	1,540
Indirect costs					152,544	152,544
Miscellaneous					406	406
	<u>\$399,951</u>	<u>\$77,099</u>	<u>\$16,381</u>	<u>\$80,374</u>	<u>\$236,884</u>	<u>\$317,258</u>



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

Board of Trustees
WNMU TV and WNMU FM
Marquette, Michigan 49855

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of WNMU TV and WNMU FM, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WNMU TV and WNMU FM's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson, Jackman & Company, PLLC
Certified Public Accountants

December 15, 2022