

Financial Statements

2022-2023



WNMU-TV & WNMU-FM
Northern Michigan University

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WNMU-TV AND WNMU-FM

June 30, 2023

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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, 2023. 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 \$635,900 for the year ended June 30, 2023, and \$803,100 for the year ended June 30, 2022. 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, 2023 of \$5,943,500 increased \$759,200 from the prior year balance of \$5,184,300. Net investment in capital assets of \$1,661,000 increased by \$186,100 and included depreciation of \$145,700. Unrestricted and restricted net position of \$4,282,500 increased by \$573,100 from the prior year total of \$3,709,400.

For the year ending June 30, 2023, operating revenues of \$907,400 decreased \$51,400 from the prior year total of \$958,800. The decrease of \$51,400 included an increase in community service grants from the Corporation for Public Broadcasting of \$25,000, a decrease in other grants of \$83,300, and an increase in other operating revenues of \$6,900. Non-operating revenues of \$1,395,100 increased by \$100,600 from the prior year of \$1,294,500. The increase of \$100,600 included increases in general appropriations from Northern Michigan University of \$288,100, contributions of \$25,200, investment income of \$24,100; and decreases in capital grants of \$12,400, facilities and support provided by Northern Michigan University of \$51,200, other donated services of \$45,300 and federal grants of \$127,900.

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

Financial Highlights (continued)

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.

For the year ending June 30, 2023, operating expenses of \$1,543,300 decreased by \$218,600 from the prior year total of \$1,761,900. The net decrease of \$218,600 resulted from decreases in salaries, wages, and benefits of \$94,000, professional services of \$8,400, rental and maintenance of equipment of \$17,800, program production costs of \$45,700, indirect costs of \$51,200, and an all other costs of \$3,500; and increases depreciation expense of \$2,000.

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.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

	June 30		
	2023	2022	2021
Assets			
Current assets	\$4,265,352	\$3,883,382	\$3,527,150
Noncurrent assets:			
Capital	1,661,014	1,474,916	1,618,686
Other	116,507	125,574	124,616
Total noncurrent assets	<u>1,777,521</u>	<u>1,600,490</u>	<u>1,743,302</u>
Total assets	<u>6,042,873</u>	<u>5,483,872</u>	<u>5,270,452</u>
Deferred outflows of resources			
Deferred pension and OPEB amounts	6,150	50,515	28,178
Total deferred outflows of resources	<u>6,150</u>	<u>50,515</u>	<u>28,178</u>
Liabilities			
Current liabilities	52,135	62,577	222,051
Noncurrent liabilities	42,591	199,449	362,199
Total liabilities	<u>94,726</u>	<u>262,026</u>	<u>584,250</u>
Deferred inflows of resources			
Deferred lease amounts	9,066	12,277	9,088
Deferred pension and OPEB amounts	1,731	75,773	12,381
Total deferred inflows of resources	<u>10,797</u>	<u>88,050</u>	<u>21,469</u>
Net position			
Net investment in capital assets	1,661,014	1,474,916	1,618,686
Restricted-expendable	108,174	116,281	122,368
Unrestricted	4,174,312	3,593,114	2,951,857
Total net position	<u>\$5,943,500</u>	<u>\$5,184,311</u>	<u>\$4,692,911</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 \$3,996,000 for fiscal year 2023 increased by \$37,400 from the prior year total of \$3,958,600 at June 30, 2022. At June 30, 2021, cash and cash equivalents and investments were \$3,583,700. Investment in physical plant of \$1,661,000 for fiscal year 2023, \$1,474,900 for fiscal year 2022, and \$1,618,700 for fiscal year 2021 was the largest noncurrent asset of WNMU-TV. Accrued payroll and benefits of \$42,600 and \$36,500 was the largest current liability for fiscal year 2023 and 2022 respectively, and Paycheck Protection Program payable of \$127,900 was the largest current liability for fiscal year 2021. Net pension liabilities of \$42,600 for fiscal year 2023, \$199,500 for fiscal year 2022, and \$327,300 for fiscal year 2021 was the largest noncurrent liability in each respective year.

Current assets at June 30, 2023 of \$4,265,400 were sufficient to cover current liabilities of \$52,100 as the current ratio is 81.9 dollars in current assets to every one dollar in current liabilities. Current assets of \$3,883,400 at June 30, 2022, and \$3,527,200 at June 30, 2021 were sufficient to cover current liabilities of \$62,600 and \$222,100 respectively. The current ratio was 62.0 at June 30, 2022 and 15.9 at June 30, 2021.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30		
	2023	2022	2021
Operating revenues			
Grants and contracts	\$886,548	\$944,812	\$1,385,247
Other operating revenue	20,875	14,015	39,771
Total operating revenues	<u>907,423</u>	<u>958,827</u>	<u>1,425,018</u>
Operating expenses	<u>(1,543,323)</u>	<u>(1,761,936)</u>	<u>(1,775,862)</u>
Operating loss	(635,900)	(803,109)	(350,844)
Non-operating revenues (expenses)			
Appropriations, facilities, and support from NMU	902,828	665,931	673,997
Contributions	413,031	387,854	432,503
Capital Grants		12,430	148,389
Federal grants		127,894	
Other non-operating income and expenses	79,230	100,400	100,487
Net non-operating revenues and expenses	<u>1,395,089</u>	<u>1,294,509</u>	<u>1,355,376</u>
Total increase (decrease) in net position	<u>759,189</u>	<u>491,400</u>	<u>1,004,532</u>
Net position			
Net position – beginning of year	5,184,311	4,692,911	3,687,836
Cumulative effect of change in accounting principle			543
Adjusted net position – beginning of year	<u>5,184,311</u>	<u>4,692,911</u>	<u>3,688,379</u>
Net position – end of year	<u>\$5,943,500</u>	<u>\$5,184,311</u>	<u>\$4,692,911</u>

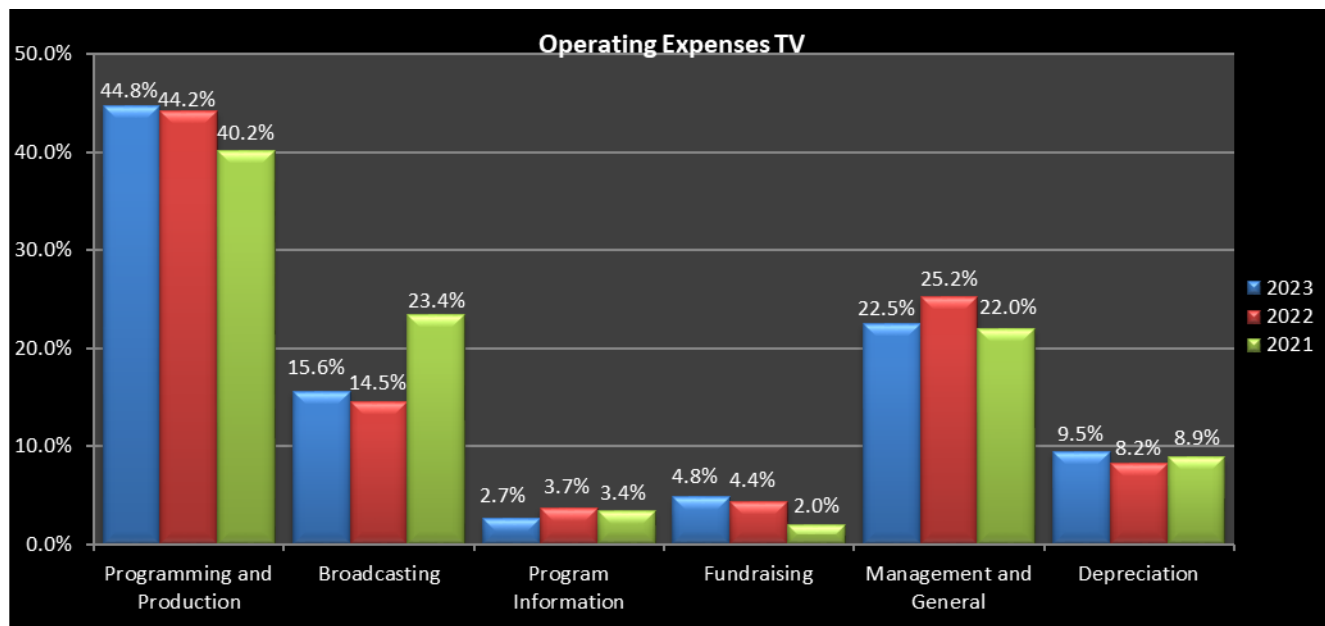
Total operating revenues were \$907,400 for fiscal year 2023, \$958,800 for fiscal year 2022 and \$1,425,000 for fiscal year 2021. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$886,500 for fiscal year 2023, \$861,500 for fiscal year 2022 and \$1,301,900 for fiscal year 2021.

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 \$1,543,323 for fiscal year 2023, \$1,761,900 for fiscal year 2022 and \$1,775,900 for fiscal year 2021. Salaries, wages, and benefits are the most significant expense at \$526,400 for fiscal year 2023, \$620,500 for fiscal year 2022, and \$522,400 for fiscal year 2021. Program acquisition costs were \$386,900 for fiscal year 2023, \$391,700 for fiscal year 2022, and \$381,700 for fiscal year 2021.



Other

General appropriations from NMU, the largest source of non-operating revenue, totaled \$670,800 for fiscal year 2023, \$382,700 for fiscal year 2022, and \$384,400 for fiscal year 2021. Contributions from viewers and businesses totaled \$413,000 for fiscal year 2023, \$387,900 for fiscal year 2022, and \$432,500 for fiscal year 2021. The coverage area for WNMU-TV consists primarily of the Upper Peninsula of Michigan and northeastern Wisconsin.

Condensed Statement of Cash Flows

	June 30		
	2023	2022	2021
Cash (used) provided by:			
Operating activities	(\$706,588)	(\$386,207)	(\$98,229)
Non-capital financing activities	1,066,030	736,630	783,840
Capital activities	(331,803)	38,828	1,308,301
Investing activities	6,700	8,732	(1,412)
Net decrease in cash and cash equivalents	34,339	397,983	1,992,500
Cash and cash equivalents – beginning of year	3,859,271	3,461,288	1,468,788
Cash and cash equivalents – end of year	<u>\$3,893,610</u>	<u>\$3,859,271</u>	<u>\$3,461,288</u>

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

Capital Plan

Throughout this reporting period WNMU-TV maintained normal broadcast operations and produced local programming to inform, entertain and educate the local viewing audience. Program offerings proved to be especially important for viewers as they looked for a reliable source to help navigate the post-pandemic era with their families and communities. In September, WNMU-TV completed an on-site Alternative Broadcast Inspection Program review. WNMU engineering also completed a planned PBS satellite migration and cooperated with WNMU-FM in other necessary tower site maintenance to minimize signal interruptions.

In December, WNMU-TV renovated its main studio, Studio A. The project included asbestos abatement, electrical modernization, a new lighting pipe grid system, lighting fixtures, lighting control, and flooring repair and epoxy. The most visible of the changes is the new studio set with variable colored backlighting, two new talent desks, a rolling interview platform, and three video monitors. This transformational change modernizes and enhances the look of local productions and provides a state-of-the-art hand on learning environment for NMU students.

Other upgrades included, 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.

This year, the station continued to promote its local productions focused on the issues and topics of concern to the viewers in the community. Two grant opportunities provided funding to produce local productions and raise awareness in the local community. The first was a suicide awareness grant that had many facets and included hosting a town hall and sharing the video production with the region. The second was in partnership with the Michigan Learning Channel which WNMU-TV partners with along with five other public media stations. Two virtual field trips showcasing the local community were produced and shared with viewers across Michigan.

WNMU-TV enjoys a loyal following of its signature local shows including; the news program, Media Meet, the Ask the Expert series, and the quiz bowl program High School Bowl 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 viewers 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. Station underwriting remains an important constituency for the station. Fundraising from underwriters increased slightly even as inflation became a concern. Personal contributions, however, decrease 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 as a part of their regional channel line ups. This year, streaming agreements were negotiated to include WNMU-TV on Local Now, Hulu Live, and YouTube TV streaming platform. 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.

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

Factors Impacting Future Periods (continued)

Recruitment and retention continue to be an area of focus. Due to recent retirements and an increasingly transient workforce, WNMU-TV has undergone a slight uptick of employee turnover. Efforts are underway to fill key roles and increase staff retention efforts. Retention efforts include providing more professional development opportunities, establishing hybrid work options, and regular personal one-on-one and group specific meetings to increase the engagement of all staff and administration.

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.

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. In addition, the GLIAC and CCHA sports conferences are spearheading conference wide adoption of higher quality sports production. This ensures that students are keeping up with industry production standards as they transition to the workforce.

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. A major grant opportunity through the Federal Emergency Management Agency (FEMA) will be upcoming. WNMU-TV will be closely monitoring the criteria and timeline for the grant which could provide a funding opportunity to replace some of the oldest and outdated broadcast infrastructure equipment. The 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, 2023. 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 \$525,400 for the year ended June 30, 2023, and \$658,700 for the year ended June 30, 2022. 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, 2023 of \$875,700 increased by \$219,300 over the prior year balance of \$656,400. Net investment in capital assets of \$61,700 decreased \$10,700 from the prior year total of \$72,400. Unrestricted and restricted net position of \$814,000 increased by \$230,000 from the prior year total of \$584,000.

For the year ending June 30, 2023, operating revenues of \$169,300 increased \$6,600 from the prior year total of \$162,700. The Community service grants from the Corporation for Public Broadcasting of \$158,600 increased by \$5,900 from the prior year total of \$152,700 and other operating revenues of \$10,800 increased by \$900 from the prior year total of \$9,900. Non-operating revenues of \$744,700 decreased by \$123,400 from the prior year total of \$868,100. Contributions from listeners of \$424,800 increased by \$14,700 from the prior year total of \$410,100. General appropriations from Northern Michigan University of \$196,800 increased by \$2,500 from the prior year total of \$194,300, and other revenues decreased by \$140,600.

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

Financial Highlights (continued)

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.

For the year ending June 30, 2023, operating expenses of \$694,700 decreased \$126,700 from the prior year total of \$821,400. The net decrease of \$126,700 resulted from decreases in salaries, wages, and benefits of \$82,500, program acquisition costs of \$9,400, indirect costs of \$34,500, and all other expenses of \$300.

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.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

	June 30		
	2023	2022	2021
Assets			
Current assets	\$917,283	\$805,366	\$882,091
Noncurrent assets:			
Capital	61,732	72,399	83,066
Other	50,228	50,611	33,203
Total noncurrent assets	111,960	123,010	116,269
Total assets	1,029,243	928,376	998,360
Deferred outflows of resources			
Deferred pension and OPEB amounts	18,010	49,669	23,053
Total deferred outflows of resources	18,010	49,669	23,053
Liabilities			
Current liabilities	32,680	38,611	239,575
Noncurrent liabilities	124,723	196,307	315,609
Total liabilities	157,403	234,918	555,184
Deferred inflows of resources			
Deferred lease amounts	9,067	12,277	9,088
Deferred pension and OPEB amounts	5,070	74,442	10,136
Total deferred inflows of resources	14,137	86,719	19,224
Net position			
Net investment in capital assets	61,732	72,399	83,066
Restricted-expendable	41,895	41,318	30,955
Unrestricted	772,086	542,691	332,984
Total net position	\$875,713	\$656,408	\$447,005

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 \$925,300 for fiscal year 2023 increased by \$116,000 from the prior year total of \$809,300. Cash and investments at June 30, 2021 was \$871,400. Investment in physical plant of \$61,700 for fiscal year 2023, \$72,400 for fiscal year 2022, and \$83,100 for fiscal year 2021 was the largest noncurrent asset of WNMU-FM. Accrued payroll and benefits of \$24,400 for fiscal year 2023, \$23,700 for fiscal year 2022 is the largest current liability. Paycheck Protection Program payable of \$111,900 is the largest current liability for fiscal year 2021. Net pension liabilities of \$124,700 for fiscal year 2023, \$196,300 for fiscal year 2022 and \$269,700 for fiscal year 2021 was the largest noncurrent liability.

Current assets at June 30, 2023, of \$917,300 were sufficient to cover current liabilities of \$32,700 as the current ratio is 28.1 dollars in current assets to every one dollar in current liabilities. Current assets of \$805,400 at June 30, 2022, and \$882,100 at June 30, 2021 were sufficient to cover current liabilities of \$38,600 and \$239,600 respectively. The current ratio was 20.9 at June 30, 2022 and 3.7 at June 30, 2021.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30		
	2023	2022	2021
Operating revenues			
Grants and contracts	\$158,554	\$152,742	\$346,131
Other operating revenue	10,782	9,927	12,009
Total operating revenues	<u>169,336</u>	<u>162,669</u>	<u>358,140</u>
Operating expenses	694,693	821,356	1,009,702
Operating loss	(525,357)	(658,687)	(651,562)
Non-operating revenues			
Appropriations, facilities, and support from NMU	314,826	346,798	389,423
Contributions	424,761	410,125	420,036
Federal grants		111,906	
Other non-operating (expenses) and income	5,075	(739)	10,338
Net non-operating revenues and expenses	<u>744,662</u>	<u>868,090</u>	<u>819,797</u>
Total increase (decrease) in net position	<u>219,305</u>	<u>209,403</u>	<u>168,235</u>
Net position			
Net position—beginning of year	656,408	447,005	278,227
Cumulative effect of change in accounting principle			543
	<u>656,408</u>	<u>447,005</u>	<u>278,770</u>
Net position—end of year	<u>\$875,713</u>	<u>\$656,408</u>	<u>\$447,005</u>

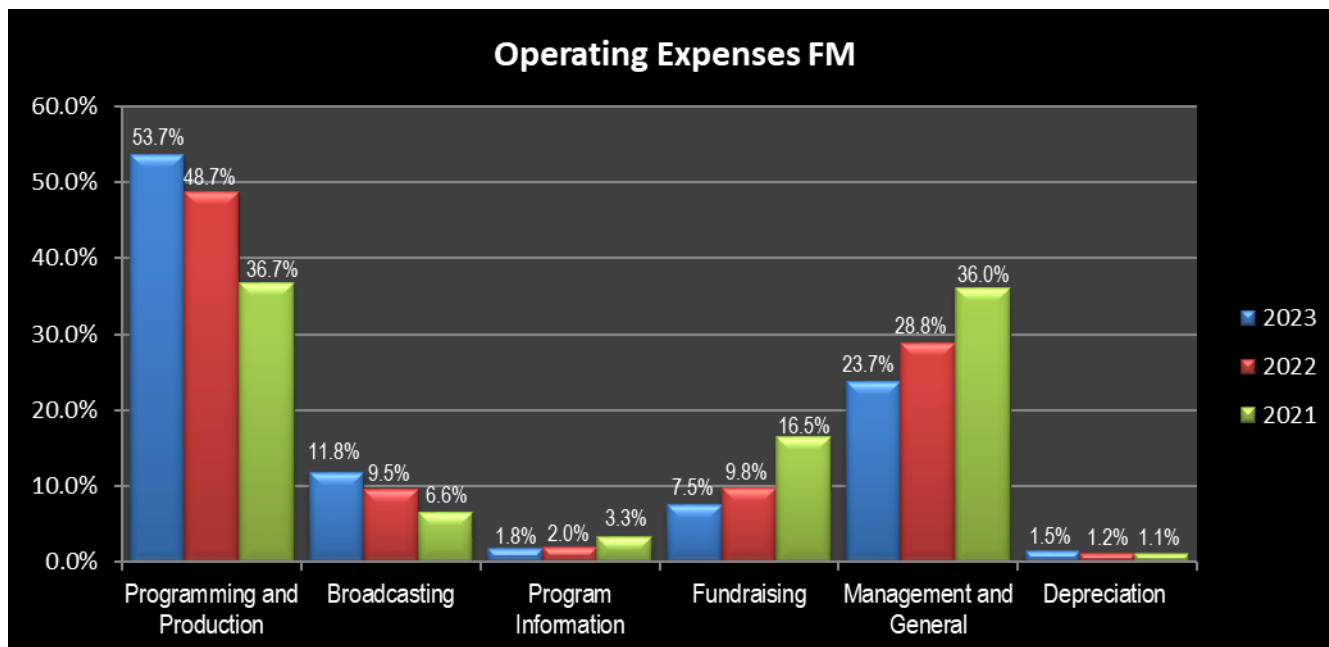
Total operating revenues for fiscal year 2023 were \$169,300, \$162,700 for fiscal year 2022 and \$358,100 for fiscal year 2021. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$158,600 for fiscal year 2023, \$152,700 for fiscal year 2022 and \$346,100 for fiscal year 2021.

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 \$694,700 for fiscal year 2023, \$821,400 for fiscal year 2022 and \$1,009,700 for fiscal year 2021. Salaries, wages, and benefits are the most significant expense at \$311,300 for fiscal year 2023, \$393,900 for fiscal year 2022, and \$579,800 for fiscal year 2021. Program acquisition costs were \$138,800 for fiscal year 2023, \$148,200 for fiscal year 2022, and \$120,900 for fiscal year 2021.



Other

Contributions from listeners and businesses are the largest source of non-operating revenues. Contributions totaled \$424,800 for fiscal year 2023, \$410,100 for fiscal year 2022, and \$420,000 for fiscal year 2021. 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		
	2023	2022	2021
Cash (used) provided by:			
Operating activities	(\$500,503)	(\$551,093)	(\$384,952)
Non-capital financing activities	614,125	492,442	608,023
Capital financing activities			111,906
Investing activities	2,129	2,677	(185)
Net increase (decrease) in cash and cash equivalents	115,751	(55,974)	334,792
Cash and cash equivalents – beginning of year	784,445	840,419	505,627
Cash and cash equivalents – end of year	<u>\$900,196</u>	<u>\$784,445</u>	<u>\$840,419</u>

Capital Plan

Throughout this reporting period WNMU-FM maintained normal broadcast operations as it produced local programming to inform, entertain and educate the station's listeners. While staff is back in the studio on a regular basis, the station was still operated remotely as needed. Programming remained largely unaffected due to the use of automation software and remote recording systems. Station personnel also used recently acquired software tools and portable recording systems to conduct news interviews and record local music events. As a result, the station successfully maintained its on-air schedule, delivering uninterrupted programming to its audiences. In September, WNMU-FM completed an on-site 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 review its weekly programming lineup in order to build listener loyalty and increase contributions. The station is thoroughly investigating what program changes may better serve the news, arts, and entertainment needs of their loyal audience. 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

WNMU-FM celebrated its 60th anniversary in April of 2023. The station was excited to share the milestone and the listeners responded generously during fundraising. Annual giving to WNMU-FM increased slightly even as inflation became a concern. Both underwriting and personal contributions were up slightly. Vehicle donations also continue to help to fill the gap as the station realized significant revenue from this donation source again in fiscal year 2023. The station is exploring a similar land donation program as an additional fundraising source.

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 additional core fees and program acquisition costs. This will require the station to review and possibly revise program offerings. Alternatively, NPR is working with stations to build membership and revenue through attracting underdeveloped audiences that primarily listen through digital mediums such as streaming, podcasts, mobile, and online. WNMU-FM is currently working to expand its presence in these areas.

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 from more departments on campus. One example is the Student Podcast Challenge which encourages students to create podcasts and submit through WNMU-FM to NPR. Winning podcasts are recognized and shared nationwide. Another example is the Tiny Desk Concert Challenge which encourages musicians from the community to enter music performance videos for a chance to be nationally recognized.

Recruitment and retention continue to be an area of focus. Due to recent retirements and an increasingly transient workforce, WNMU-TV/FM have undergone a slight uptick of employee turnover. Efforts are underway to fill key roles and increase staff retention efforts. Retention efforts include providing more professional development opportunities, establishing hybrid work options, and regular personal one-on-one and group specific meetings to increase the engagement of all staff and administration.

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

Factors Impacting Future Periods (continued)

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 and special tours and fundraising have mostly returned to active status following the pandemic, station managers will use the renewed in-person visits to reconnect with listeners and volunteers involved with station support.

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. A major grant opportunity through the Federal Emergency Management Agency (FEMA) will be upcoming. WNMU-FM will be closely monitoring the criteria and timeline for the grant which could provide a funding opportunity to replace some of the oldest and outdated broadcast infrastructure equipment. The management team remains committed to growing the number of station listeners with refreshed program offering and local production projects that involve a wider base of community members and listeners.



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of WNMU TV and WNMU FM of Northern Michigan University, as of and for the years ended June 30, 2023 and 2022, 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 changes in financial position of the business-type activities of WNMU TV and WNMU FM as of June 30, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note A, the financial statements of WNMU TV and WNMU FM are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business type activities of Northern Michigan University that is attributable to WNMU TV and WNMU FM. They do not purport to, and do not, present fairly the financial position of Northern Michigan University as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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.

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 14, 2023 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
Marquette, MI

December 14, 2023

WNMU-TV
Statements of Net Position

	June 30	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$3,893,610	\$3,859,271
Accounts receivable	3,596	2,150
Interest receivable	229	273
Current lease receivable	960	3,157
Other assets	366,957	18,531
Total current assets	4,265,352	3,883,382
Noncurrent assets		
Long-term lease receivable	8,333	9,293
Long-term investments	102,436	99,320
Net OPEB Asset	5,738	16,961
Capital assets, net	1,661,014	1,474,916
Total noncurrent assets	1,777,521	1,600,490
Total assets	6,042,873	5,483,872
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB amounts	508	4,140
Deferred pension amounts	5,642	46,375
Total deferred outflows of resources	6,150	50,515
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	4,447	3,701
Accrued payroll and benefits	42,552	36,467
Unearned revenue	5,136	7,729
Early Retirement Incentive Program-current portion	14,680	14,680
Total current liabilities	52,135	62,577
Noncurrent liabilities		
Net pension liability	42,591	199,449
Total noncurrent liabilities	42,591	199,449
Total liabilities	94,726	262,026
DEFERRED INFLOWS OF RESOURCES		
Deferred lease amounts	9,066	12,277
Deferred OPEB amounts		11,127
Deferred pension amounts	1,731	64,646
Total deferred inflows of resources	10,797	88,050
NET POSITION		
Net investment in capital assets	1,661,014	1,474,916
Restricted	108,174	116,281
Unrestricted	4,174,312	3,593,114
Total net position	\$5,943,500	\$5,184,311

See notes to financial statements.

WNMU-FM
Statements of Net Position

	June 30	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$900,196	\$784,445
Accounts receivable	1,453	3,349
Interest receivable	229	273
Current lease receivable	960	3,157
Other assets	14,445	14,142
Total current assets	917,283	805,366
Noncurrent assets		
Long-term lease receivable	8,333	9,293
Long-term investments	25,093	24,828
Net OPEB Asset	16,802	16,490
Capital assets, net	61,732	72,399
Total noncurrent assets	111,960	123,010
Total assets	1,029,243	928,376
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB amounts	1,488	4,025
Deferred pension amounts	16,522	45,644
Total deferred outflows of resources	18,010	49,669
 LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,412	1,830
Accrued payroll and benefits	24,357	23,718
Unearned revenue	4,911	5,274
Early Retirement Incentive Program-current portion	7,789	7,789
Total current liabilities	32,680	38,611
Noncurrent liabilities		
Net pension liability	124,723	196,307
Total noncurrent liabilities	124,723	196,307
Total liabilities	157,403	234,918
 DEFERRED INFLOWS OF RESOURCES		
Deferred lease amounts	9,067	12,277
Deferred OPEB amounts	5,070	10,816
Deferred pension amounts	5,070	63,626
Total deferred inflows of resources	14,137	86,719
 NET POSITION		
Net investment in capital assets	61,732	72,399
Restricted	41,895	41,318
Unrestricted	772,086	542,691
Total net position	\$875,713	\$656,408

See notes to financial statements.

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

	June 30	
	2023	2022
REVENUES		
Operating revenues		
Community service grants from Corporation for Public Broadcasting	\$886,548	\$861,479
Other grants		83,333
Other operating revenues	20,875	14,015
Total operating revenues	907,423	958,827
EXPENSES		
Operating expenses		
Program services:		
Programming and production	657,701	777,974
Broadcasting	241,956	255,539
Program information	60,363	64,756
Support services:		
Fundraising and membership development	86,940	76,000
Management and general	350,658	443,897
Depreciation	145,705	143,770
Total operating expenses	1,543,323	1,761,936
Operating loss	(635,900)	(803,109)
NONOPERATING REVENUES (EXPENSES)		
General appropriations from Northern Michigan University	670,753	382,658
Contributions	413,031	387,854
Other donated services and in-kind contributions	69,414	114,716
Investment income (loss)	9,816	(14,316)
Facilities and support provided by Northern Michigan University	232,075	283,273
Capital grants		12,430
Federal Paycheck Protection Program grant		127,894
Net non-operating revenues	1,395,089	1,294,509
Increase in net position	759,189	491,400
NET POSITION		
Net position--beginning of year	5,184,311	4,692,911
Net position--end of year	\$5,943,500	\$5,184,311

See notes to financial statements.

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

	June 30	
	2023	2022
REVENUES		
Operating revenues		
Community service grants from Corporation for Public Broadcasting	\$158,554	\$152,742
Other operating revenues	10,782	9,927
Total operating revenues	169,336	162,669
EXPENSES		
Operating expenses		
Program services:		
Programming and production	373,173	399,951
Broadcasting	81,816	77,099
Program information	12,186	16,381
Support services:		
Fundraising and membership development	52,124	80,374
Management and general	164,727	236,884
Depreciation	10,667	10,667
Total operating expenses	694,693	821,356
Operating loss	(525,357)	(658,687)
NONOPERATING REVENUES (EXPENSES)		
General appropriations from Northern Michigan University	196,752	194,254
Contributions	424,761	410,125
Other donated services and in-kind contributions	2,681	2,711
Investment income (loss)	2,394	(3,450)
Facilities and support provided by Northern Michigan University	118,074	152,544
Federal Paycheck Protection Program grant	—	111,906
Net nonoperating revenues	744,662	868,090
Increase (decrease) in net position	219,305	209,403
NET POSITION		
Net position--beginning of year	656,408	447,005
Net position--end of year	\$875,713	\$656,408

See notes to financial statements.

WNMU-TV
Statements of Cash Flows

	June 30	
	2023	2022
Cash flows from operating activities		
Grants and contracts	\$886,548	\$944,812
Payments to suppliers	(917,366)	(596,615)
Payments to employees	(695,670)	(747,479)
Other receipts	19,900	13,075
Net cash used by operating activities	(706,588)	(386,207)
Cash flows from noncapital financing activities		
General appropriations from Northern Michigan University	670,753	382,658
Gifts and grants received for other than capital purpose	409,957	405,768
Payments to Early Retirement Incentive Plan	(14,680)	(51,796)
Net cash provided by noncapital financing activities	1,066,030	736,630
Cash flows from capital and related financing activities		
Capital grants		38,828
Purchase of capital assets	(331,803)	
Paycheck Protection Program grant proceeds		
Net cash provided (used) by capital and related financing activities	(331,803)	38,828
Cash flows from investing activities		
Proceeds from sales and maturities of investments	119,333	46,785
Investment income	9,816	(14,316)
Purchase of investments	(122,449)	(23,737)
Net cash (used) provided by investing activities	6,700	8,732
Net increase (decrease) in cash and cash equivalents	34,339	397,983
Cash and cash equivalents--beginning of year	3,859,271	3,461,288
Cash and cash equivalents--end of year	\$3,893,610	\$3,859,271
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$635,900)	(\$803,109)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	145,705	143,770
Facilities and support provided by Northern Michigan University	232,075	283,273
Other donated services and in-kind contributions	69,414	114,716
Change in assets and liabilities:		
Receivables, net	2,236	(4,129)
Deferred inflows	(3,211)	3,189
Other assets	(348,426)	1,624
Accounts payable	746	1,466
Compensated absences/accrued payroll/net pension and OPEB	(169,227)	(127,007)
Net cash used by operating activities	(\$706,588)	(\$386,207)

See notes to financial statements.

WNMU-FM
Statements of Cash Flows

	June 30	
	2023	2022
Cash flows from operating activities		
Grants and contracts	\$158,554	\$152,742
Payments to suppliers	(250,672)	(248,145)
Payments to employees	(420,290)	(464,677)
Other receipts	11,905	8,987
Net cash used by operating activities	(500,503)	(551,093)
Cash flows from noncapital financing activities		
General appropriations from Northern Michigan University	196,752	194,254
Gifts and grants received for other than capital purpose	425,162	411,306
Payments to Early Retirement Incentive Plan	(7,789)	(113,118)
Net cash provided by noncapital financing activities	614,125	492,442
Cash Flows from Capital and Related Financing Activities		
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities		
Proceeds from sales and maturities of investments	29,731	12,061
Investment income (loss)	2,394	(3,450)
Purchase of investments	(29,996)	(5,934)
Net cash (used) provided by investing activities	2,129	2,677
Net increase in cash and cash equivalents	115,751	(55,974)
Cash and cash equivalents--beginning of year	784,445	840,419
Cash and cash equivalents--end of year	\$900,196	\$784,445
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$525,357)	(\$658,687)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	10,667	10,667
Facilities and support provided by Northern Michigan University	118,074	152,544
Other donated services and in-kind contributions	2,681	2,711
Change in assets and liabilities:		
Receivables, net	4,333	(4,129)
Deferred inflows	(3,210)	3,191
Other assets	(303)	13,373
Accounts payable	1,582	46
Compensated absences/accrued payroll/net pension and OPEB	(108,970)	(70,809)
Net cash used by operating activities	(\$500,503)	(\$551,093)

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

GASB 87 Lease Accounting

This standard was effective for the University’s fiscal year 2022 and established 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.

CHANGE IN ACCOUNTING PRINCIPLE

GASB 94 Public-Private and Public-Private Partnerships and Availability Payment Arrangements

This standard is effective for the University’s fiscal year 2023 and improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As a result, transferors in public-private or public-public arrangements recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services, such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time, in an exchange, or exchange-like transaction. There was no significant impact to the University’s financial statements upon adoption of GASB 94.

GASB 96 Subscription-Based Information Technology Arrangements (SBITAs)

This standard is effective for the University’s fiscal year 2023 and addresses accounting and financial reporting issues regarding the right-to-use subscription assets (an intangible asset) and the corresponding subscription liability, and capitalization criteria for outlays other than subscription payments, including implementation costs. There was no significant impact to TV or FM’s financial statements upon adoption of GASB 96.

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

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

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.

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

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 \$145,705 and \$143,770 for 2023 and 2022, respectively, for WNMU-TV, and \$10,667 for 2023 and 2022 for WNMU-FM. WNMU-TV and WNMU-FM capitalize assets with a cost of \$5,000 or greater.

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)

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 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.

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, 2023, the most recent statement of financial position presented herein, through December 14, 2023 the date these financial statements were available to be issued. No such significant events or transactions were identified.

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)

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 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.

Reclassifications

Certain amounts as reported in the 2022 financial statements have been reclassified to conform with the 2023 presentation. It was determined during the University's fiscal year 2023 financial audit that the non-current Net OPEB asset for WNMU TV and WNMU FM, in the amount of \$16,961 and \$16,490, respectively, should be shown as a restricted asset rather than as an unrestricted asset.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$3,893,610	\$3,859,271
Long-term investments	102,436	99,320
Total	<u>\$3,996,046</u>	<u>\$3,958,591</u>
<u>WNMU-FM</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$900,196	\$784,445
Long-term investments	25,093	24,828
Total	<u>\$925,289</u>	<u>\$809,273</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 June 30, 2023 and 2022, the carrying amount of deposits, excluding those classified as investments, was \$3,888,277 and \$3,855,839, respectively for WNMU-TV, and \$898,889 and \$783,587, respectively, 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.

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

NOTE B – CASH AND INVESTMENTS (continued)

Deposits (continued)

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, 2023 and 2022.

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.

As of June 30, 2023, 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	\$5,333	\$5,333			
Growth funds	44,627			\$44,627	
Fixed income funds	17,178		\$17,178		
Indexed funds	18,297				\$18,297
Balanced funds	11,981				11,981
Hedge funds	7,943			7,943	
Private equity funds	2,410			2,410	
Total	107,769	\$5,333	\$17,178	\$54,980	\$30,278
Less investments reported as "cash equivalents" on Statements of Net Position	<u>(5,333)</u>				
Total investments	<u>\$102,436</u>				

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	<u>(3,432)</u>				
Total investments	<u>\$99,320</u>				

As of June 30, 2023, 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	\$1,307	\$1,307			
Growth funds	10,932			\$10,932	
Fixed income funds	4,208		\$4,208		
Indexed funds	4,482				\$4,482
Balanced funds	2,935				2,935
Hedge funds	1,946			1,946	
Private equity funds	590			590	
Total	26,400	\$1,307	\$4,208	\$13,468	\$7,417
Less investments reported as “cash equivalents” on Statements of Net Position	<u>(1,307)</u>				
Total investments	<u>\$25,093</u>				

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><u>\$24,828</u></u>				

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.

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

NOTE B – CASH AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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:

	2023			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Money market mutual funds	\$5,333			\$5,333
Growth funds	44,627			44,627
Fixed income funds	17,178			17,178
Indexed funds	18,297			18,297
Balanced funds	11,981			11,981
Alternative investments				
Hedge funds			\$7,943	7,943
Private equity funds			2,410	2,410
Levelled investment total	\$97,416		\$10,353	\$107,769

	2022			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
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
Levelled 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)

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:

	2023			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Money market mutual funds	\$1,307			\$1,307
Growth funds	10,932			10,932
Fixed income funds	4,208			4,208
Indexed funds	4,482			4,482
Balanced funds	2,935			2,935
Alternative investments				
Hedge funds			\$1,946	1,946
Private equity funds			590	590
Leveled investment total	<u>\$23,864</u>		<u>\$2,536</u>	<u>\$26,400</u>

	2022			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
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
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>

NOTE C – RECEIVABLES

Receivables as of June 30 were as follows:

	WNMU-TV		WNMU-FM	
	2023	2022	2023	2022
Vendor	\$2,096	\$1,131	\$1	\$1,132
Business contributors	1,500	1,019	1,452	2,217
Interest	229	273	229	273
Leases	9,293	12,450	9,293	12,450
Total	<u>\$13,118</u>	<u>\$14,873</u>	<u>\$10,975</u>	<u>\$16,072</u>

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

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, 2023:

	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	\$331,803		1,346,739
Total at historical cost	3,440,654	331,803		3,772,457
Less accumulated depreciation for:				
Transmitter building	133,295			133,295
Transmitter, antenna and tower	936,171	122,358		1,058,529
Equipment	896,272	23,347		919,619
Total accumulated depreciation	1,965,738	145,705		2,111,443
Capital assets, net	<u>\$1,474,916</u>	<u>\$186,098</u>		<u>\$1,661,014</u>

The following table summarizes, by major class of asset, the recorded costs of WNMU-FM's fixed assets as of June 30, 2023:

	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	125,304	\$9,301		134,605
Equipment	123,905	1,366		125,271
Total accumulated depreciation	249,209	10,667		259,876
Capital assets, net	<u>\$72,399</u>	<u>(\$10,667)</u>		<u>\$61,732</u>

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	<u>\$1,618,686</u>	<u>(\$143,770)</u>		<u>\$1,474,916</u>

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

NOTE D – FIXED ASSETS (continued)

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

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:

	WNMU-TV		WNMU-FM	
	2023	2022	2023	2022
Accrued payroll and benefits	\$42,552	\$36,467	\$24,357	\$23,718
Vendors	4,447	3,701	3,412	1,830
Total	\$46,999	\$40,168	\$27,769	\$25,548

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, 2023 and 2022 was \$6,421 and \$8,144, 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, 2023 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Leases receivable WNMU-TV	\$12,450		\$3,157	\$9,293
Leases receivable WNMU-FM	\$12,450		\$3,157	\$9,293

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

NOTE F – LEASES (continued)

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

NOTE G – OPERATING EXPENSES

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

	WNMU-TV		WNMU-FM	
	2023	2022	2023	2022
Salaries, wages and benefits	\$526,443	\$620,472	\$311,320	\$393,869
Supplies and support services	484,311	605,934	233,953	268,624
Program acquisition	386,864	391,740	138,753	148,196
Depreciation expense	145,705	143,770	10,667	10,667
Total	\$1,543,323	\$1,761,916	\$694,693	\$821,356

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:

	2023	2022	2021
WNMU-TV Contributions	\$47,219	\$38,620	\$37,152
WNMU-TV Covered Payroll	420,789	378,519	369,068
WNMU-FM Contributions	18,902	16,528	26,178
WNMU-FM Covered Payroll	187,536	166,161	238,735

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

NOTE H—RETIREMENT PLANS (continued)

Michigan Public School Employees' Retirement System (MPSERS)

Plan Description

The University contributes to the MPSERS, 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 MPSERS is as follows:

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

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.

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

NOTE H—RETIREMENT PLANS (continued)

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

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.

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.

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

NOTE H—RETIREMENT PLANS (continued)

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

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 2023, which includes supplemental MPERS UAAL employer stabilization contributions that are passed through the University to MPERS:

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	26.38%
Member Investment Plan	3.0 – 7.0	26.38
Pension Plus	3.0 – 6.4	N/A
Pension Plus 2	6.2	N/A
Defined Contribution	0.0	19.86

The University's contributions to MPERS under all pension plans as described above for the years ended June 30, 2023, 2022, and 2021 were \$5,700,368, \$5,460,575, and \$4,788,721, respectively.

The schedule below summarizes the OPEB contribution rates in effect for fiscal year 2023, which includes supplemental MPERS UAAL employer stabilization contributions that are passed through the University to MPERS:

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	6.79%
Personal Healthcare Fund (PHF)	0.00	5.87

The University's required contributions to the OPEB plan for the years ended June 30, 2023, 2022, and 2021 were \$1,274,414, \$1,286,655, and \$1,245,672, 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, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The University reported a liability of \$30,178,176 and \$53,111,511 as of June 30, 2023 and 2022 respectively, for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2022 and 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020 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, 2022, the University's proportion (as calculated by MPERS) was 9.43948%, which was a decrease of 0.01341% from its proportion measured as of September 30, 2021 of 9.45289%.

As part of the University, WNMU-TV reported a net pension liability of \$42,591 and \$199,499 as of June 30, 2023 and 2022, respectively, and WNMU-FM reported a net pension liability \$124,723 and \$196,307 as of June 30, 2023 and 2022, respectively. At September 30, 2022, the WNMU-TV's and WNMU-FM's proportion of the net pension liability based on required contributions was 0.14113% and 0.41329% 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.

For the year ended June 30, 2023 WNMU-TV and WNMU-FM recognized pension expenses of \$14,092 and \$41,268, respectively.

For the year ended June 30, 2022 WNMU-TV and WNMU-FM recognized pension expenses of \$4,645 and \$4,572, 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, 2023, 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	\$2,279	
	2,279	
State appropriations for MPERS Station contributions subsequent to the measurement date	3,363	\$1,731
Total	\$5,642	\$1,731
WNMU-FM	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$6,673	
	6,673	
State appropriations for MPERS Station contributions subsequent to the measurement date	9,849	\$5,070
Total	\$16,522	\$5,070

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
2024	\$212	\$621
2025	(59)	(172)
2026	(291)	(852)
2027	2,417	7,076
Total	\$2,279	\$6,673

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, 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		\$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>

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

The University reported a net asset of \$3,531,155 and an asset of \$4,044,395 as of June 30, 2023 and 2022, respectively for its proportionate share of the MPERS net OPEB asset. The net OPEB asset was measured as of September 30, 2022 and 2021, respectively and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020, respectively. The University's proportion of the net OPEB asset 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, 2022, the University's proportion (as calculated by MPERS) was 9.43168% which was a decrease of 0.00063% from its proportion measured as of September 30, 2021 of 9.43231%.

As part of the University, WNMU-TV reported a net OPEB asset of \$5,738 for 2023 and a net OPEB asset of \$16,961 for 2022 and WNMU-FM reported a net OPEB asset of \$16,802 for 2023 and a net OPEB asset of \$16,490 for 2022. At September 30, 2022, the station's proportion of the net OPEB liability based on required contributions was 0.16251% and 0.47583% for WNMU-TV and WNMU-FM respectively. At September 30, 2021, the stations' proportion of the net OPEB liability based on required contribution was 0.41938% and 0.40772% for WNMU-TV and WNMU-FM respectively.

For the year ended June 30, 2023 WNMU-TV and WNMU-FM recognized a reduction in OPEB expenses of \$1,341 and \$3,926, 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.

At June 30, 2023, 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		
Changes in assumptions		
Net difference between projected and actual earnings on OPEB plan investments	\$470	
Changes in proportion and differences between employer contributions and proportionate share of contributions	470	
	<hr/>	<hr/>
State appropriations for MPERS	38	
Station contributions subsequent to the measurement date	38	
	<hr/>	<hr/>
Total	<u>\$508</u>	<u> </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)

<u>WNMU-FM</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience Changes in assumptions		
Net difference between projected and actual earnings on OPEB plan investments	\$1,377	
Changes in proportion and differences between employer contributions and proportionate share of contributions		
	<u>1,377</u>	
State appropriations for MPERS Station contributions subsequent to the measurement date	<u>111</u>	
Total	<u>\$1,488</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 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:

<u>Year Ended June 30</u>	<u>WNMU-TV</u>	<u>WNMU-FM</u>
2024	(\$36)	(\$105)
2025	(111)	(325)
2026	(196)	(574)
2027	<u>813</u>	<u>2,381</u>
Total	<u>\$470</u>	<u>\$1,377</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, and Deferred Inflows of Resources Related to OPEB (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
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		9,704
State appropriations for MPERS		1,423
Station contributions subsequent to the measurement date	\$4,140	
Total	\$4,140	\$11,127
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	
Total	\$4,025	\$10,816

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, 2021 and 2020 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, 2021 and 2020
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return Pension	
MIP and Basic Plans (Non-Hybrid)	6.00% (6.80% for 2020) net of investment expenses
Pension Plus Plan (Hybrid)	6.00% (6.80% for 2020) net of investment expenses
Pension Plus 2 Plan (Hybrid)	6.00% net of investment expenses
Projected Salary Increases	2.75 – 11.55% including wage inflation at 2.75%
Investment Rate of Return OPEB	6.00% (6.95% for 2020) 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
	Post 65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	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, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension and OPEB liabilities is 1.0000 year 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 2022 and 2021 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, 2018 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 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 1.0000 year 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.

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, 2022 are summarized in the following table:

Pension
As of September 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.10%
Alternative investment pools	16.0	8.70
International equity pools	15.0	6.70
Fixed income pools	13.0	-0.20
Real estate and infrastructure pools	10.0	5.30
Absolute return pools	9.0	2.70
Real return/opportunistic pools	10.0	5.80
Short-term investment pools	<u>2.0</u>	-0.50
Total	<u><u>100.0%</u></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, 2021 are summarized in the following table:

Pension
As of September 30, 2021

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.40%
Alternative investment pools	16.0	9.10
International equity pools	15.0	7.50
Fixed income pools	10.5	-0.70
Real estate and infrastructure pools	10.0	5.40
Absolute return pools	9.0	2.60
Real return/opportunistic pools	12.5	6.10
Short-term investment pools	<u>2.0</u>	-1.30
Total	<u><u>100.0%</u></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, 2022 are summarized in the following table:

OPEB
As of September 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.10%
Alternative investment pools	16.0	8.70
International equity pools	15.0	6.70
Fixed income pools	13.0	-0.20
Real estate and infrastructure pools	10.0	5.30
Absolute return pools	9.0	2.70
Real return/opportunistic pools	10.0	5.80
Short-term investment pools	2.0	-0.50
Total	<u>100.0%</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, 2021 are summarized in the following table:

OPEB
As of September 30, 2021

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.40%
Alternative investment pools	16.0	9.10
International equity pools	15.0	7.50
Fixed income pools	10.5	-0.70
Real estate and infrastructure pools	10.0	5.40
Absolute return pools	9.0	2.60
Real return/opportunistic pools	12.5	6.10
Short-term investment pools	<u>2.0</u>	-1.30
Total	<u><u>100.0%</u></u>	

Rate of Return

For the fiscal year ended Sept. 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. For the fiscal year ended Sept. 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. 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 6.00%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of June 30, 2023:

	1% Decrease (5.00%)	Current Single Discount Rate Assumption (6.00%)	1% Increase (7.00%)
University's proportionate share of net pension liability	\$42,040,588	\$30,178,176	\$20,108,430

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

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 to Changes in the Discount Rate

The following presents the University's proportional share of net OPEB asset calculated using the discount rate of 6.00%, as well as what the University's net OPEB asset would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate as of June 30, 2023:

	1% Decrease (5.00%)	Current Single Discount Rate Assumption (6.00%)	1% Increase (7.00%)
University's proportionate share of net OPEB asset	(\$1,889,054)	(\$3,531,155)	(\$4,926,092)

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 asset 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)

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

The following presents the University's proportional share of net OPEB asset calculated using assumed trend rates, as well as what the University's net OPEB asset would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current rate as of June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
University's proportionate share of net OPEB asset	(\$5,013,651)	(\$3,531,155)	(\$1,830,824)

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

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

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 was paid over a three-year period beginning in fiscal year 2021. The ERIP liability as of June 30, 2022 was approximately \$14,700 for WNMU-TV, all of which was paid in fiscal year 2023. The ERIP liability as of June 30, 2022 was approximately \$7,800 for WNMU-FM, all of which was paid in fiscal year 2023.

NOTE J – CHANGES IN UNEARNED REVENUE

	<u>WNMU-TV</u>		<u>WNMU-FM</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$7,729	\$628	\$5,274	\$8,553
Additions:				
Contributions and investment income	72,557	36,727	44,836	49,232
Deductions:				
Contributions recognized as revenue	(75,150)	(29,626)	(45,199)	(52,511)
Balance at June 30	<u>\$5,136</u>	<u>\$7,729</u>	<u>\$4,911</u>	<u>\$5,274</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 \$7,644,417 at June 30, 2023, 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 per covered individual for fiscal years ended June 30, 2023 and 2022. The workers' compensation stop-loss insurance limits the University's liability for claims paid per individual to \$500,000 for fiscal years ended June 30, 2023 and 2022, the aggregate excess insured maximum liability is \$5,000,000. Changes in the estimated liability for the fiscal years ended June 30, 2023 and 2022 for health benefits, including dental and vision, were as follows:

Claims activity for the year ended June 30, 2023:

	Liability – Beginning of Year	Claims Incurred, Including changes in estimates	Claims Payments	Liability – End of Year
Medical claims	\$3,369,813	\$14,636,546	(\$14,204,322)	\$3,802,037
Workers' compensation	65,918	176,541	(237,875)	4,584
Total	\$3,435,731	\$14,813,087	(\$14,442,197)	\$3,806,621

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

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 103 of 2023, 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 \$18,724,881. This funding was received from the State and transferred back to the Office of Retirement Services in September of 2023.

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023

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*

	WNMU-TV's proportionate share of net pension liability		WNMU-TV's covered payroll	WNMU-TV's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
	As a percentage	Amount			
2022	0.14113%	\$42,591	\$30,498	139.65%	74.39%
2021	0.37553%	\$199,449	\$78,090	255.47%	52.26%
2020	0.50686%	\$327,269	\$76,125	429.91%	43.07%
2019	0.79676%	\$502,987	\$127,595	394.21%	44.24%
2018	0.91361%	\$546,303	\$153,655	355.54%	45.87%
2017	0.99880%	\$537,917	\$144,578	372.06%	47.42%
2016	1.01786%	\$536,377	\$143,330	374.23%	46.77%
2015	1.08533%	\$590,480	\$176,735	334.10%	47.45%
2014	1.37451%	\$515,596	\$204,578	252.03%	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*

	WNMU-FM's proportionate share of net pension liability		WNMU-FM's covered payroll	WNMU-FM's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
	As a percentage	Amount			
2022	0.41329%	\$124,723	\$89,305	139.66%	74.39%
2021	0.36961%	\$196,307	\$77,061	254.74%	52.26%
2020	0.41767%	\$269,682	\$76,837	350.98%	43.07%
2019	0.29272%	\$184,788	\$55,105	335.34%	44.24%
2018	0.27321%	\$163,372	\$52,828	309.25%	45.87%
2017	0.29150%	\$156,992	\$55,532	282.71%	47.42%
2016	0.50331%	\$265,227	\$85,580	309.92%	46.77%
2015	0.62276%	\$338,819	\$95,193	355.93%	47.45%
2014	0.60861%	\$228,286	\$100,552	227.03%	63.00%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023
(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*

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2023	\$ 8,045	(\$ 8,045)		\$18,887	42.60%
2022	\$20,506	(\$20,506)		\$34,633	59.21%
2021	\$24,272	(\$24,272)		\$92,662	26.19%
2020	\$37,544	(\$37,544)		\$58,137	64.58%
2019	\$43,227	(\$43,227)		\$150,746	28.68%
2018	\$62,864	(\$62,864)		\$144,578	43.48%
2017	\$34,367	(\$34,367)		\$141,223	24.34%
2016	\$36,933	(\$36,933)		\$144,032	25.64%
2015	\$45,558	(\$45,558)		\$187,635	24.28%

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

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2023	\$23,559	(\$23,559)		\$79,985	29.45%
2022	\$20,183	(\$20,183)		\$92,411	21.84%
2021	\$20,001	(\$20,001)		\$71,943	27.80%
2020	\$13,793	(\$13,793)		\$55,780	24.73%
2019	\$12,927	(\$12,927)		\$54,881	23.55%
2018	\$18,347	(\$18,347)		\$55,532	33.04%
2017	\$16,994	(\$16,994)		\$56,661	29.99%
2016	\$21,192	(\$21,192)		\$95,220	22.26%
2015	\$20,773	(\$20,773)		\$95,183	21.82%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023
(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*

	WNMU-TV's proportionate share of net OPEB (asset) liability		WNMU-TV's covered payroll	WNMU TV's proportionate share of net OPEB (asset) liability as a percentage of the its covered payroll	Plan fiduciary net position as a percentage of the total OPEB (asset) liability
	As a percentage	Amount			
2022	0.16251%	(\$5,738)	\$30,498	-18.81%	121.19%
2021	0.41938%	(\$16,961)	\$78,090	-21.72%	123.91%
2020	0.51009%	\$ 20,250	\$76,125	26.60%	80.04%
2019	0.81292%	\$ 69,960	\$127,595	54.83%	61.07%
2018	0.95870%	\$106,551	\$153,655	69.34%	51.90%
2017	0.93441%	\$124,604	\$144,578	86.18%	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*

	WNMU-FM's proportionate share of net OPEB (asset) liability		WNMU-FM's covered payroll	WNMU FM's proportionate share of net OPEB (asset) liability as a percentage of the its covered payroll	Plan fiduciary net position as a percentage of the total OPEB (asset) liability
	As a percentage	Amount			
2022	0.47583%	(\$16,802)	\$89,305	-18.81%	121.19%
2021	0.40772%	(\$16,490)	\$77,061	-21.40%	123.91%
2020	0.40524%	\$ 16,088	\$76,837	20.94%	80.04%
2019	0.29072%	\$ 25,019	\$55,105	45.40%	61.07%
2018	0.27981%	\$ 31,099	\$52,828	58.87%	51.90%
2017	0.26225%	\$ 34,972	\$55,532	62.98%	44.11%

See notes to required supplementary information

REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023
(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

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	WNMU-TV's Covered Payroll	Contribution as a percentage of covered payroll
2023	\$2,071	(\$2,071)		\$18,887	10.97%
2022	\$5,396	(\$5,396)		\$34,633	15.58%
2021	\$6,354	(\$6,354)		\$76,125	8.35%
2020	\$9,893	(\$9,893)		\$127,595	7.75%
2019	\$11,656	(\$11,656)		\$150,746	7.73%
2018	\$6,466	(\$6,466)		\$144,578	4.47%

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

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	WNMU-FM's Covered Payroll	Contribution as a percentage of covered payroll
2023	\$6,064	(\$6,064)		\$79,985	7.58%
2022	\$5,246	(\$5,246)		\$92,411	5.68%
2021	\$5,048	(\$5,048)		\$76,837	6.57%
2020	\$3,538	(\$3,538)		\$55,105	6.42%
2019	\$3,402	(\$3,402)		\$54,881	6.20%
2018	\$1,815	(\$1,815)		\$55,532	3.27%

See notes to required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023

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:

- 2023 – The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 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:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 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%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
WNMU-TV and WNMU-FM
June 30, 2023
(concluded)

- 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
WNMJ-TV**

Year ended June 30, 2023

	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	\$ 181,695	\$ 172,299	\$ 37,433	\$ 391,427	\$ 43,427	\$ 91,589	\$ 135,016
Professional services	7,383	-	-	7,383	16,741	21,498	38,239
Supplies	1,782	2,000	602	4,384	3,174	2,549	5,723
Telephone							
Postage	27	213	4,240	4,480	8,854	818	9,672
Advertising						14	14
Occupancy		375	-	375			
Rental and maintenance of equipment	4,263	42,920	614	47,797	2,252	1,546	3,798
Printing and publications	1,884	-	17,474	19,358	4,725		4,725
Travel	2,082	751	-	2,833			
Program acquisition	386,864	-	-	386,864	7,154		7,154
Program production costs	69,415	-	-	69,415		42	42
Utilities		23,398	-	23,398	613	902	1,515
Dues and memberships	2,306	-	-	2,306		231,700	231,700
Indirect costs							
Miscellaneous							
	<u>\$ 657,701</u>	<u>\$ 241,956</u>	<u>\$ 60,363</u>	<u>\$ 960,020</u>	<u>\$ 86,940</u>	<u>\$ 350,658</u>	<u>\$ 437,598</u>

**STATEMENT OF FUNCTIONAL EXPENSES
WNMU-FM**

Year ended June 30, 2023

	Program Services			Support Services			Total
	Programming and Production	Broadcasting	Program Information	Fund Raising and Membership Development	Management and General	Supporting Services	
Salaries, wages and benefits	\$ 221,494	\$ 26,175	\$ 7,141	\$ 14,081	\$ 42,429	\$ 56,510	
Professional services	6,833		55	22,636	1,338	23,974	
Supplies			669	4,321	1,432	5,753	
Telephone	888						
Postage		22	502		341	5,001	
Advertising			2,556		14		
Occupancy		125					
Rental and maintenance of equipment	4,136	20,240		1,510	555	2,065	
Printing and publications			1,264	2,872		2,872	
Travel		751		207		207	
Program acquisition	138,753						
Program production costs							
Utilities		34,503					
Dues and memberships	1,068			1,838		1,838	
Indirect costs					118,074	118,074	
Miscellaneous					544	544	
	\$373,172	\$81,816	\$12,187	\$52,125	\$164,727	\$216,852	



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, 2023 and 2022, 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 14, 2023.

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, Tackman & Company, PLLC
Certified Public Accountants
Marquette, MI

December 14, 2023