

# **Eastern Michigan University WEMU-FM**

---

**Financial Report**

**June 30, 2018**

# Eastern Michigan University WEMU-FM

---

## Contents

|   |       |
|---|-------|
| <b>Report Letter</b>  | 1-2   |
| <b>Management's Discussion and Analysis (Unaudited)</b>     | 3-8   |
| <b>Financial Statements</b>                                 |       |
| Statement of Net Position                                   | 9     |
| Statement of Revenue, Expenses, and Changes in Net Position | 10    |
| Statement of Cash Flows                                     | 11    |
| Notes to Financial Statements                               | 12-26 |

## Independent Auditor's Report

To the Board of Regents  
Eastern Michigan University WEMU-FM

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

We have audited the accompanying financial statements of Eastern Michigan University WEMU-FM (the "Station" or WEMU), a department of Eastern Michigan University, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise WEMU's basic financial statements, as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Michigan University WEMU-FM as of June 30, 2018 and 2017, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Regents  
Eastern Michigan University WEMU-FM

***Emphasis of Matter***

We draw attention to Note I to the basic financial statements, which explains that these financial statements of Eastern Michigan University WEMU-FM are intended to present the financial position, the changes in financial position, and the changes in cash flows of only the portion of Eastern Michigan University's business-type activities that is attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Eastern Michigan University as of June 30, 2018 and 2017, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I to the basic financial statements, WEMU adopted the provisions under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of July 1, 2017. Our opinion is not modified with respect to these matters.

***Other Matters***

Management has omitted the required supplemental information related to the adoption of Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75, which accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic 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.

*Plante & Moran, PLLC*

January 8, 2019

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited)

This section of Eastern Michigan University WEMU-FM's (the "Station" or WEMU) annual financial report presents management's discussion and analysis of the financial performance of the Station during the fiscal years ended June 30, 2018, 2017, and 2016. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, notes, and this discussion are the responsibility of the Station's management.

### **Using the Annual Financial Report**

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In 2015, the Station adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Station reported a liability of \$263,245, \$113,322, and \$211,296 for its allocated share of the University's net pension liability at June 30, 2018, 2017, and 2016, respectively. In 2018, the Station adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The Station reported a liability of \$64,796 for its allocated share of the University's Other Postemployment Benefits (OPEB) liability at June 30, 2018. The Station had deferred outflows consisting of \$24,027, \$7,778, and \$16,840 primarily in University pension and OPEB contributions subsequent to the measurement date of the accrued actuarial pension obligation at June 30, 2018, 2017, and 2016, respectively. In addition, at June 30, 2018, 2017, and 2016, the Station had deferred inflows consisting of \$9,013, \$2,678, and \$1,378, respectively, in the net difference between projected and actual earnings on pension and OPEB plan investments in respect to the fair value of pension and OPEB obligations.

The financial statements prescribed by GASB statements (the statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenue 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 net position includes all assets and liabilities. Over time, increases or decreases in net position (the difference between assets and liabilities) are one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts such as the condition of facilities.

The statement of revenue, expenses, and changes in net position presents the revenue earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public radio station's dependency upon gifts could result in operating deficits because the financial reporting model classifies gifts as nonoperating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Using the Annual Financial Report (Continued)

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities, and helps measure the ability to meet financial obligations as they mature.

### **Condensed Statement of Net Position** (in thousands)

|                                       | June 30         |               |             |
|---------------------------------------|-----------------|---------------|-------------|
|                                       | 2018            | 2017          | 2016        |
| <b>Assets</b>                         |                 |               |             |
| Current assets                        | \$ 161          | \$ 267        | \$ 213      |
| Noncurrent assets                     | 100             | 108           | 116         |
| Total assets                          | 261             | 375           | 329         |
| <b>Deferred Outflows of Resources</b> | 24              | 8             | 17          |
| <b>Liabilities</b>                    |                 |               |             |
| Noncurrent liabilities                | 392             | 235           | 337         |
| Total liabilities                     | 392             | 235           | 337         |
| <b>Deferred Inflows of Resources</b>  | 9               | 3             | 1           |
| <b>Net Position</b>                   |                 |               |             |
| Net investment in capital assets      | 100             | 108           | 116         |
| Restricted - Expendable               | 217             | 256           | 240         |
| Unrestricted (deficit)                | (433)           | (219)         | (348)       |
| Total net position                    | <u>\$ (116)</u> | <u>\$ 145</u> | <u>\$ 8</u> |

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Revenue, Expenses, and Changes in Net Position (in thousands)

|   | Year Ended June 30 |               |             |
|---|--------------------|---------------|-------------|
|   | 2018               | 2017          | 2016        |
| <b>Operating Revenue</b>                              |                    |               |             |
| Grants from Corporation for Public Broadcasting       | \$ 140             | \$ 145        | \$ 151      |
| Rental income   | 46                 | 54            | 59          |
| Total operating revenue                               | 186                | 199           | 210         |
| <b>Operating Expenses</b>                             |                    |               |             |
| Program services:                                     |                    |               |             |
| Programming and production                            | 1,244              | 1,035         | 1,211       |
| Broadcasting  | 119                | 235           | 282         |
| Program information                                   | 108                | 110           | 130         |
| Support services:                                     |                    |               |             |
| Fundraising   | 175                | 134           | 150         |
| Management  | 332                | 221           | 252         |
| Total operating expenses                              | 1,978              | 1,735         | 2,025       |
| <b>Operating Loss</b>                                 | (1,792)            | (1,536)       | (1,815)     |
| <b>Nonoperating Revenue</b>                           |                    |               |             |
| General appropriations from the University            | 371                | 413           | 431         |
| Administrative support from the University            | 533                | 490           | 527         |
| Contributions   | 693                | 770           | 638         |
| Total nonoperating revenue                            | 1,597              | 1,673         | 1,596       |
| <b>Change in Net Position</b>                         | (195)              | 137           | (219)       |
| <b>Net Position</b> - Beginning of year               | 145                | 8             | 227         |
| <b>Adjustment for Change in Accounting Principle</b>  | (66)               | -             | -           |
| <b>Net Position</b> - Beginning of year - As restated | 79                 | 8             | 227         |
| <b>Net Position</b> - End of year                     | <u>\$ (116)</u>    | <u>\$ 145</u> | <u>\$ 8</u> |

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### **Noteworthy Financial Activity**

Significant components of the radio station's financial condition include:

- The Station's total assets as of June 30, 2018 decreased versus the prior year by approximately \$114,000 primarily due to decreased contributions (\$77,000). \$100,000 is invested in capital assets as of June 30, 2018. The Station's total assets as of June 30, 2017 increased versus the prior year by approximately \$46,000 primarily due to increased contributions (\$134,000).
- In 2018, liabilities increased by approximately \$175,000 driven by the increase in the Station's share of the MPSERS pension liability and the adoption of GASB 75, which created an OPEB liability of approximately \$65,000 during the year. In 2017, liabilities decreased by approximately \$102,000 driven by the decrease in the Station's share of the MPSERS pension liability.
- In 2018, operating revenue decreased by approximately \$13,000 primarily due to decreased support from the Corporation for Public Broadcasting (\$5,000) and Rental Revenue (\$8,000). In 2017, operating revenue decreased by approximately \$12,000 primarily due to decreased support from the Corporation for Public Broadcasting (\$6,400) and Rental Revenue (\$5,500).
- In 2018, nonoperating revenue decreased by approximately \$76,000 primarily due to decreased contributions (\$77,000), increased administrative support (\$43,000), and decreased general appropriations (\$42,000). In 2017, nonoperating revenue increased by approximately \$77,000 primarily due to increased contributions (\$134,000), decreased administrative support (\$37,000), and decreased general appropriations (\$18,000).
- In 2018, operating expenses increased by approximately \$243,000 primarily due to increases in programming and production (\$209,000) and management support (\$111,000). In 2017, operating expenses decreased by approximately \$290,000 primarily due to decreases in programming and production (\$176,000), broadcasting (\$47,000), and management support (\$31,000).



# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Cash Flows (in thousands)

|  | Year Ended June 30 |               |              |
|--|--------------------|---------------|--------------|
|  | 2018               | 2017          | 2016         |
| <b>Cash (Used in) Provided by</b>      |                    |               |              |
| Operating activities                   | \$ (1,636)         | \$ (1,626)    | \$ (1,707)   |
| Noncapital financing activities        | 1,587              | 1,684         | 1,580        |
| <b>Net (Decrease) Increase in Cash</b> | (49)               | 58            | (127)        |
| <b>Cash - Beginning of year</b>        | 146                | 88            | 215          |
| <b>Cash - End of year</b>              | <u>\$ 97</u>       | <u>\$ 146</u> | <u>\$ 88</u> |

### Looking Ahead

In fiscal year 2018, the Station continued in its goal to reduce reliance on General Fund support. The Station continues to look for cost-cutting opportunities. During 2018, expenses within the control of station management, such as payroll and other spending, decreased by approximately \$20,000 due to cost-cutting and cost containment strategies. However, due to an increase in expenses allocated to WEMU from the University, such as Institutional Support, Pension, and OPEB, total operating expense increased by approximately \$244,000 overall.

The Station reduced overall expenditures by reducing travel, reducing the chief engineer position to half time, and reducing costs for pledge premiums. WEMU hosted its sixth annual State of the Station breakfast in January 2018, a jazz brunch in April, and its annual Blues Barbecue in May, all including the major donor community champions program. Donations to the program were up in FY2018, including four five-figure donations from individuals.

The Station continued its aggressive strategy to increase listening and recorded its highest audience number in the station's history: 67,100 in Spring 2018.

In FY2019, WEMU will continue its aggressive audience building and fundraising strategies with increased focus on corporate and foundation gifts and a heavy emphasis on recruiting, then retaining, first-time donors. The Station will also continue incentive-based fundraising events throughout the year to keep donor revenue more consistent and pledge drives shorter and more creative. An addition of a third annual pledge drive is going to be inevitable in the future, but WEMU will continue to explore opportunities to shorten the on-air component of each pledge drive.

## **Eastern Michigan University WEMU-FM**

---

### **Management's Discussion and Analysis (Unaudited) (Continued)**

WEMU experienced a host of technical issues this summer and invested nearly \$20,000 into repairs and upgrades. The Station is assessing and inspecting all broadcast equipment with the eventual goal of a capital campaign to replace all equipment over three years. The Station is also actively seeking new rental clients for the broadcast tower after losing T-Mobile as a renter. Equipment purchases will continue to come from the Station's designated equipment fund.

The Station remains committed to serving the University's mission of public service through programming, community support, civic engagement, and free public service announcements to nonprofits.

# Eastern Michigan University WEMU-FM

## Statement of Net Position

|   | June 30             |                   |
|---|---------------------|-------------------|
|   | 2018                | 2017              |
| <b>Assets</b>   |                     |                   |
| Current assets:   |                     |                   |
| Cash  | \$ 96,643           | \$ 145,420        |
| Accounts receivable from the University                   | 63,878              | 121,999           |
| Total current assets                                      | 160,521             | 267,419           |
| Noncurrent assets - Property and equipment - Net (Note 3) | 100,000             | 107,955           |
| Total assets  | 260,521             | 375,374           |
| <b>Deferred Outflows of Resources</b> (Note 5)            | 24,027              | 7,778             |
| <b>Liabilities</b>  |                     |                   |
| Noncurrent liabilities:                                   |                     |                   |
| Compensated absences                                      | 63,880              | 122,001           |
| Pension obligation  | 263,245             | 113,322           |
| OPEB obligation   | 64,796              | -                 |
| Total liabilities   | 391,921             | 235,323           |
| <b>Deferred Inflows of Resources</b> (Note 5)             | 9,013               | 2,678             |
| <b>Net Position</b>                                       |                     |                   |
| Net investment in capital assets                          | 100,000             | 107,955           |
| Restricted - Expendable                                   | 216,432             | 256,429           |
| Unrestricted  | (432,818)           | (219,233)         |
| Total net position  | <u>\$ (116,386)</u> | <u>\$ 145,151</u> |

# Eastern Michigan University WEMU-FM

## Statement of Revenue, Expenses, and Changes in Net Position

|  | Year Ended June 30  |                   |
|--|---------------------|-------------------|
|  | 2018                | 2017              |
| <b>Operating Revenue</b>                             |                     |                   |
| Grants from Corporation for Public Broadcasting      | \$ 140,475          | \$ 144,974        |
| Rental income  | 45,935              | 53,676            |
| Total operating revenue                              | 186,410             | 198,650           |
| <b>Operating Expenses</b>                            |                     |                   |
| Program services:                                    |                     |                   |
| Programming and production                           | 1,244,428           | 1,035,320         |
| Broadcasting   | 119,101             | 235,237           |
| Program information                                  | 107,824             | 109,812           |
| Support services:                                    |                     |                   |
| Fundraising  | 175,288             | 133,752           |
| Management   | 331,781             | 220,665           |
| Total operating expenses                             | 1,978,422           | 1,734,786         |
| <b>Operating Loss</b>                                | (1,792,012)         | (1,536,136)       |
| <b>Nonoperating Revenue</b>                          |                     |                   |
| General appropriations from the University           | 371,116             | 413,399           |
| Administrative support from the University           | 532,435             | 489,894           |
| Contributions  | 693,276             | 770,310           |
| Total nonoperating revenue                           | 1,596,827           | 1,673,603         |
| <b>Change in Net Position</b>                        | (195,185)           | 137,467           |
| <b>Net Position - Beginning of year</b>              | 145,151             | 7,684             |
| <b>Adjustment for Change in Accounting Principle</b> | (66,352)            | -                 |
| <b>Net Position - Beginning of year, as restated</b> | 78,799              | 7,684             |
| <b>Net Position - End of year</b>                    | <u>\$ (116,386)</u> | <u>\$ 145,151</u> |

# Eastern Michigan University WEMU-FM

## Statement of Cash Flows

|  | Year Ended June 30    |                       |
|--|-----------------------|-----------------------|
|  | 2018                  | 2017                  |
| <b>Cash Flows from Operating Activities</b>                                      |                       |                       |
| Cash received from Corporation for Public Broadcasting                           | \$ 140,475            | \$ 144,974            |
| Cash received from tower leases  | 45,935                | 53,676                |
| Cash paid for programming services   | (1,317,070)           | (1,472,013)           |
| Cash paid for management and fundraising   | (505,031)             | (352,790)             |
| Net cash used in operating activities  | (1,635,691)           | (1,626,153)           |
| <b>Cash Flows from Noncapital Financing Activities</b>                           |                       |                       |
| Cash received from University appropriations                                     | 361,203               | 423,760               |
| Cash received from administrative support  | 532,435               | 489,894               |
| Contributions received   | 693,276               | 770,310               |
| Net cash provided by noncapital financing activities                             | 1,586,914             | 1,683,964             |
| <b>Net (Decrease) Increase in Cash</b>   | (48,777)              | 57,811                |
| <b>Cash - Beginning of year</b>  | 145,420               | 87,609                |
| <b>Cash - End of year</b>  | <u>\$ 96,643</u>      | <u>\$ 145,420</u>     |
| <b>Reconciliation of Operating Loss to Net Cash used in Operating Activities</b> |                       |                       |
| Operating loss   | \$ (1,792,012)        | \$ (1,536,136)        |
| Adjustments to reconcile operating loss to net cash from operating activities:   |                       |                       |
| Depreciation expense   | 7,955                 | 7,956                 |
| Changes in assets and liabilities:   |                       |                       |
| Accounts receivable - Net  | 58,121                | 3,867                 |
| Accrued compensated absences   | (58,121)              | (3,867)               |
| Net pension obligation   | 149,923               | (97,973)              |
| Net OPEB obligation  | (1,557)               | -                     |
| Total changes in assets and liabilities  | 148,366               | (97,973)              |
| Net cash used in operating activities  | <u>\$ (1,635,691)</u> | <u>\$ (1,626,153)</u> |

# Eastern Michigan University WEMU-FM

---

## Notes to Financial Statements June 30, 2018 and 2017

### Note 1 - Organization

Eastern Michigan University WEMU-FM (the “Station” or WEMU) is a public telecommunications radio station licensed to Eastern Michigan University (the “University”). WEMU serves the Washtenaw County radio market with a mission to participate in the educational and public service purposes of the University by providing programming which addresses the needs and the interests of the Station’s coverage area.

WEMU is owned and operated by the University and does not have separate legal status or existence. The financial position, support, revenue, and expenditures of WEMU are included in the University’s financial statements.

### Note 2 - Basis of Presentation and Significant Accounting Policies

**Basis of Presentation** - The accompanying 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). The GASB established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into three net position categories according to externally imposed restrictions.

The three net position categories are as follows:

- **Net Investment in Capital Assets** - Includes capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted - Expendable** - Includes net position whose whole use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted** - Includes net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for capital projects and other initiatives.

**Cash** - Cash is held in Eastern Michigan University funds. The amounts reflected in the accompanying statement of net position represent the net amounts due to the Station from the University’s pooled cash system.

### Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)

**Property and Equipment** - Property and equipment are recorded at cost or, if acquired by gift, at the fair value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives (5 to 15 years) of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

**Compensated Absences** - Compensated absences include sick leave, annual leave, and compensatory time accrued by station employees per University policy and paid by the University. It is the University's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is a liability for unpaid accumulated sick leave since the University does have a policy to pay half of any amounts accumulated when eligible employees retire from the University. All vacation pay is accrued when incurred. A receivable from the University and a liability is reported for these amounts as of year-end.

**Unearned Revenue** - WEMU receives advance payments of rent related to a tower lease agreement. These payments are reported as unearned revenue and recognized when earned. As of June 30, 2018 and 2017, all unearned revenue has been earned by the Station.

**General Appropriations from the University** - General appropriations from the University consist of certain payroll and other direct expenses paid by the University on behalf of WEMU. Because the University pays for WEMU's compensated absences, a receivable from the University has been established in the statement of net position in the amount of accrued compensated absences.

**Indirect Administrative Support** - A portion of the University's general overhead costs relates to and benefits WEMU. Such items include administration, utilities, maintenance, repairs, and other institutional support expenditures of the University. These services were provided without cost and have been allocated to WEMU. The fair value of these services is reported as revenue (administrative support from the University) and expenditures in the accompanying statement of revenue, expenses, and changes in net position.

**Contributions and Grants** - Unrestricted gifts are recognized as revenue when received.

WEMU receives an annual community service grant from the Corporation for Public Broadcasting. These funds may be used at the discretion of WEMU and are reported as restricted grant revenue in the accompanying financial statements.

### Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)

**Allocation of Expenditures** - Expenditures are reported by their functional classification. Accordingly, certain expenditures for facility operations, institutional support, interest, and depreciation have been allocated to functional classifications based on the time devoted to these activities.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sources and application of net assets during the reporting period. Actual results could differ from those estimates.

**Deferred Outflows** - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows are related to pension and OPEB obligations described in Note 5.

**Deferred Inflows** - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are related to the pension and OPEB plans described in Note 5.

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



### Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)

**Other Postemployment Benefit Costs** - For purposes of measuring the net other employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, MPSERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Adoption of New Accounting Pronouncement** - The GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statements, the University has reported a change in accounting principle adjustment to unrestricted net position of \$28.5 million, which is the net of the net OPEB liability and related deferred outflows as of July 1, 2018. The portion of this change in accounting principle adjustment allocated to WEMU is \$66,352. June 30, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense.

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 3 - Property and Equipment

Property and equipment at June 30, 2018 and 2017 consist of the following:

|                                   | 2017              | Additions         | Retirement  | Reclassification | 2018              |
|-----------------------------------|-------------------|-------------------|-------------|------------------|-------------------|
| Land                              | \$ 100,000        | \$ -              | \$ -        | \$ -             | \$ 100,000        |
| Transmitter and tower             | 288,800           | -                 | -           | -                | 288,800           |
| Studio and technical equipment    | 140,797           | -                 | -           | -                | 140,797           |
| Furniture, fixture, and equipment | 126,813           | -                 | -           | -                | 126,813           |
| Subtotal                          | 656,410           | -                 | -           | -                | 656,410           |
| Less accumulated depreciation     | (548,455)         | (7,955)           | -           | -                | (556,410)         |
| Net property and equipment        | <u>\$ 107,955</u> | <u>\$ (7,955)</u> | <u>\$ -</u> | <u>\$ -</u>      | <u>\$ 100,000</u> |

  

|                                   | 2016              | Additions         | Retirement  | Reclassification | 2017              |
|-----------------------------------|-------------------|-------------------|-------------|------------------|-------------------|
| Land                              | \$ 100,000        | \$ -              | \$ -        | \$ -             | \$ 100,000        |
| Transmitter and tower             | 288,800           | -                 | -           | -                | 288,800           |
| Studio and technical equipment    | 140,797           | -                 | -           | -                | 140,797           |
| Furniture, fixture, and equipment | 126,813           | -                 | -           | -                | 126,813           |
| Subtotal                          | 656,410           | -                 | -           | -                | 656,410           |
| Less accumulated depreciation     | (540,499)         | (7,956)           | -           | -                | (548,455)         |
| Net property and equipment        | <u>\$ 115,911</u> | <u>\$ (7,956)</u> | <u>\$ -</u> | <u>\$ -</u>      | <u>\$ 107,955</u> |

### Note 4 - Retirement Benefits and Compensated Absences

Through December 31, 1995, the University offered participation in one of two retirement plans for all qualified employees: the Michigan Public School Employees' Retirement System (MPERS) and the Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF). The MPERS plan is further discussed in Note 5.

#### Defined Contribution Plan

TIAA-CREF is a defined contribution retirement plan. Substantially all full-time employees of the University are eligible to participate in the TIAA-CREF plan. Employee benefits generally vest immediately. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2018, 2017, and 2016, WEMU-FM contributed approximately \$42,000, \$55,000, and \$47,000, respectively, to the TIAA-CREF plan. The University has no liability beyond its own contributions under the TIAA-CREF plan.

### **Note 4 - Retirement Benefits and Compensated Absences (Continued)**

The University provides termination benefits upon retirement resulting from unused sick days. The University calculates its sick pay liability in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The University established a policy to eliminate sick leave accruals and retirement payouts for certain employees. The policy also includes a short-term disability plan to provide income protection for certain employees unable to work for an extended period because of nonwork-related illness or period of incapacity. The Station's portion of this liability is \$63,880 and \$121,001 as of June 30, 2018 and 2017, respectively.

### **Note 5 - Michigan Public School Employees' Retirement System**

**Plan Description** - The Station, through the University, participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the University hired 1996 or earlier. Certain University employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. The report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at P.O. Box 30171, Lansing, MI 48909-7671. Separate pension information related to the Station's employees included in this plan is not available.

**Benefits Provided** - Benefit provisions of the defined benefit pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

### **Note 5 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the Defined Contribution plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

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

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

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Contributions** - Public Act 300 of 1980, as amended, requires the University to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state legislature. Under these provisions, each university's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The University's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

|                                      | Pension         | OPEB          |
|--------------------------------------|-----------------|---------------|
| October 1, 2015 - September 30, 2016 | 20.28% - 25.13% | 6.40% - 6.83% |
| October 1, 2016 - September 30, 2017 | 18.75% - 23.05% | 6.98% - 7.36% |
| October 1, 2017 - January 31, 2018   | 19.60% - 24.47% | 6.13% - 6.44% |

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

# Eastern Michigan University WEMU-FM

---

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

The University's required and actual pension contributions to the plan for the year ended June 30, 2018 and 2017 were \$5,930,902 and \$5,506,014, respectively, which include the University's contributions required for those members with a defined contribution benefit. The University's required and actual pension contributions include an allocation of \$752,433 and \$666,577 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018 and 2017, respectively.

The University's required and actual OPEB contributions to the plan for the years ended June 30, 2018, and June 30, 2017, were \$1,608,321, and \$1,808,010, respectively. These amounts include the University's contributions required for those members with a defined contribution benefit.

As a result of the above requirements, WEMU records an allocation of the University's required and actual contributions to the plan for the years ended June 30, 2018 and 2017, which was approximately \$32,000 and \$34,000, respectively.

**Net Pension Liability** - At June 30, 2018 and 2017, the Station reported a liability of \$263,245 and \$113,322, respectively, for its allocated share of the University's net pension liability. The net pension liability was measured as of September 30, 2017 and 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016 and 2015, which used updated procedures to roll forward the estimated liability to September 30, 2017 and 2016. The University's proportion of the MPSERS net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. In previous years, the liability was allocated based on WEMU's unrestricted net position (before the pension liability, deferred inflows, and deferred outflows) as a percentage of the University's net position base. During 2018, the University revised its allocation methodology for allocating the pension liability to the Station to better align the liability with the Station's participation in the pension plan. The amount the University allocated to the Station for 2018 is based on the Station's current year contributions to the Plan, as a percentage of the University's total current year contributions to the Plan. The effect of this method change in allocation was approximately \$120,000 and has been included in the Station's operating results. At September 30, 2017 and 2016, the Station's allocation was 0.36 and 0.16 percent, respectively, of the University's proportionate share.

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

**Net OPEB Liability** - At June 30, 2018, the Station reported a liability of \$64,796 for its allocated share of the University's OPEB liability. The net OPEB liability was measured as of September 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The University's proportion of the MPERS net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. The amount the University allocated to the Station is based on the Station's current year contributions to the Plan, as a percentage of the University's total current year contributions to the Plan. At September 30, 2017 and 2016, the Station's allocation was 0.36 and 0.16 percent, respectively, of the University's proportionate share.

**Pension Expense and Deferrals of Resources Related to Pensions** - For the years ended June 30, 2018 and 2017, WEMU recognized a pension expense of \$29,401 and recovery of \$3,683, respectively. At June 30, 2018 and 2017, WEMU reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

|   | June 30, 2018                        |                                  | June 30, 2017                        |                                  |
|---|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
| Difference between expected and actual experience   | \$ -                                 | \$ (283)                         | \$ 181                               | \$ -                             |
| Changes in assumptions  | 2,222                                |                                  |                                      |                                  |
| Net difference between projected and actual earnings on pension plan investments                                | -                                    | (5,854)                          | 1,099                                | -                                |
| Changes in proportion and differences between University contributions and proportionate share of contributions | -                                    | (178)                            | -                                    | (2,678)                          |
| Total amortized deferrals   | 2,222                                | (6,315)                          | 1,280                                | (2,678)                          |
| University contributions subsequent to the measurement date   | 16,855                               | -                                | 6,498                                | -                                |
| <b>Total</b>  | <b>\$ 19,077</b>                     | <b>\$ (6,315)</b>                | <b>\$ 7,778</b>                      | <b>\$ (2,678)</b>                |

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

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

| Years Ending<br>June 30 | Amount     |
|-------------------------|------------|
| 2018                    | \$ (1,102) |
| 2019                    | 1,263      |
| 2020                    | (2,013)    |
| 2021                    | (2,241)    |
| Total                   | \$ (4,093) |

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2019).

**OPEB Expense and Deferrals of Resources Related to OPEB** - For the years ended June 30, 2018, WEMU recognized OPEB expense of \$3,312. At June 30, 2018, WEMU reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

|  | June 30, 2018                        |                                     |
|--|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Difference between expected and actual experience  | \$ -                                 | \$ (487)                            |
| Net difference between projected and actual earnings on<br>OPEB plan investments                                   | -                                    | (2,102)                             |
| Changes in proportion and differences between University<br>contributions and proportionate share of contributions | -                                    | (109)                               |
| Total amortized deferrals  | -                                    | (2,698)                             |
| University contributions subsequent to the measurement date  | 4,950                                | -                                   |
| <b>Total</b>   | <b>\$ 4,950</b>                      | <b>\$ (2,698)</b>                   |



# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB were recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future pension expense):

| Years Ending<br>June 30 | Amount            |
|-------------------------|-------------------|
| 2018                    | \$ (1,123)        |
| 2019                    | (525)             |
| 2020                    | (525)             |
| 2021                    | (525)             |
| Total                   | <u>\$ (2,698)</u> |

**Actuarial Assumptions** - The total pension liability and total OPEB liability as of September 30, 2017 and 2016 is based on the results of an actuarial valuation as of September 30, 2016 and September 30, 2015, and rolled forward. The following actuarial assumptions applied to all periods included in the measurement:

| Actuarial cost method               |                | Entry age normal cost actuarial method  |
|-------------------------------------|----------------|---|
| Investment rate of return - Pension | 7.00% - 7.50%  | Net of investment expenses based on the groups  |
| Investment rate of return - OPEB    | 7.50%          | Net of investment expenses based on the groups  |
| Salary increases                    | 7.00% - 12.30% | Including wage inflation of 3.50%   |
| Healthcare cost trend rate          | 7.50%          | Year 1 graded to 3.5% Year 12   |
| Mortality basis                     |                | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB |
| Cost of living pension adjustments  | 3.00%          | Annual non-compounded for MIP members   |

Assumption changes as a result of an experience study for the periods 2007 to 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00 – 7.50 percent, and 7.00 – 8.00 percent as of September 30, 2017 and 2016, respectively, depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University contributions will be made at statutorily required rates.

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Investment Category                  | Plan Year<br>September 30, 2017 |   | Plan Year<br>September 30, 2016 |   |
|--------------------------------------|---------------------------------|---|---------------------------------|---|
|                                      | Target<br>Allocation            | Long-term<br>Expected<br>Real Rate of<br>Return | Target<br>Allocation            | Long-term<br>Expected<br>Real Rate of<br>Return |
|                                      |                                 |   |                                 |   |
| Domestic equity pools                | 28.0%                           | 5.6%  | 28.0%                           | 5.9%  |
| Alternate investment pools           | 18.0%                           | 8.7%  | 18.0%                           | 9.2%  |
| International equity pools           | 16.0%                           | 7.2%  | 16.0%                           | 7.2%  |
| Fixed-income pools                   | 10.5%                           | -0.1%   | 10.5%                           | 0.9%  |
| Real estate and infrastructure pools | 10.0%                           | 4.2%  | 10.0%                           | 4.3%  |
| Absolute return pools                | 15.5%                           | 5.0%  | 15.5%                           | 6.0%  |
| Short-term investment pools          | 2.0%                            | -0.9%   | 2.0%                            | 0.0%  |
| Total                                | 100%                            |   | 100%                            |   |

MPERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05% and 7.15%, respectively. As a result, the actuarial computed employer contributions, the net pension liability, and net OPEB liability will increase for the measurement period ending September 30, 2018.

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the University, calculated using the discount rate depending on the plan option. The following also reflects what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|   | 2018                          |  |                               |
|---|-------------------------------|--|-------------------------------|
|   | 1% Decrease<br>(6.00 - 6.50%) | Current<br>Discount Rate<br>(6.00 - 7.00%) | 1% Increase<br>(6.00 - 7.00%) |
| Station's proportionate share of the<br>net pension liability - June 30, 2018 | \$ 308,861                    | \$ 263,245                                 | \$ 223,873                    |
|   | 2017                          |  |                               |
|   | 1% Decrease<br>(6.00 - 7.00%) | Current<br>Discount Rate<br>(7.00 - 8.00%) | 1% Increase<br>(8.00 - 9.00%) |
| Station's proportionate share of the<br>net pension liability - June 30, 2017 | \$ 132,418                    | \$ 113,322                                 | \$ 96,817                     |

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability of the University, calculated using the current discount rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|  | 2018                   |                                     |                        |
|--|------------------------|-------------------------------------|------------------------|
|  | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
| Station's proportionate share of the<br>net OPEB liability - June 30, 2018 | \$ 75,540              | \$ 64,796                           | \$ 55,541              |

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2018 and 2017

### Note 5 - Michigan Public School Employees' Retirement System (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the net OPEB liability of the University, calculated using the current healthcare cost trend rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

|  | 2018                   |  |                        |
|--|------------------------|--|------------------------|
|  | 1% Decrease<br>(6.50%) | Current Healthcare<br>Cost Trend Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
| Station's proportionate share of the<br>net OPEB liability - June 30, 2018 | \$ 54,848              | \$ 64,796  | \$ 76,064              |

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

### Note 6 - Nonfederal Financial Support (NFFS)

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

Calculated in accordance with CPB guidelines, the combined network reported total NFFS of \$1,594,306 and \$1,671,117 for the years ended June 30, 2018 and 2017, respectively.