

WKAR Public Media
(A Public Telecommunications Entity
Operated by Michigan State University)

Financial Report
June 30, 2023

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Michigan State University – WKAR Public Media

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Independent Auditor's Report

To the Board of Trustees
WKAR Public Media
c/o Michigan State University

Opinion

We have audited the financial statements of WKAR Public Media (WKAR), a department of Michigan State University (the "University"), as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of WKAR, a department of Michigan State University, as of June 30, 2023 and 2022 and the changes in its 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of WKAR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements present only WKAR Public Media and do not purport to, and do not, present fairly the financial position of Michigan State University as of June 30, 2023 and 2022 and the changes in its financial position and, where applicable, its cash flows thereof for the year 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.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Trustees
WKAR Public Media
c/o Michigan State University

Auditor's Responsibilities for the Audits 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of WKAR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WKAR's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the stations' total OPEB liability and related ratios 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, 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 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.

To the Board of Trustees
WKAR Public Media
c/o Michigan State University

Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise WKAR's basic financial statements. The additional information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic 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 audits 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 additional information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

December 4, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Michigan State University – WKAR Public Media

Introduction

The following discussion provides an overview of the financial position and activities of Michigan State University's (MSU) WKAR-TV public television and WKAR-AM-FM public radio stations ("WKAR", the "Stations"), collectively known as WKAR Public Media, for the years ended June 30, 2023 and 2022.

Included in this discussion is an analysis of the Stations' Statement of Net Position, which presents the assets, liabilities, and net position of the Stations, and when applicable, deferred outflows of resources and deferred inflows of resources. All are measured as of the end of the fiscal year. Further, the Statement of Revenues, Expenses, and Changes in Net Position reflects revenues and expenses recognized during the fiscal year. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

Michigan State University's Board of Trustees holds the license for its noncommercial education television station, WKAR-TV, and two noncommercial education public radio stations, WKAR-AM and WKAR-FM. WKAR-TV is the Lansing/East Lansing area's Public Broadcasting Station (PBS), providing local and national public affairs, performing arts, and youth and lifelong education programming. WKAR-AM is a news and information station featuring local and national news, sports, and Spanish-language programming. WKAR-FM provides classical, folk, and jazz music and news and information programming, including National Public Radio's (NPR's) highly acclaimed news programs, "Morning Edition" and "All Things Considered".

The Stations' financial statements, related footnote disclosures, and required supplementary information (RSI), including management's discussion and analysis, have been prepared by management. GASB required supplementary information is not audited and should be read in conjunction with the financial statements and footnotes.

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. Deferred outflows of resources and deferred inflows of resources are recognized through the consumption or acquisition of resources by WKAR that is applicable to a future reporting period. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**Michigan State University – WKAR Public Media**

Below is a summarized comparison of the Stations' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 8,409,688	\$ 9,803,801	\$ 9,992,916
Noncurrent assets			
Capital assets, net	2,887,430	2,039,861	1,972,709
Other	6,046,045	5,935,947	5,439,777
Total assets	<u>17,343,163</u>	<u>17,779,609</u>	<u>17,405,402</u>
Deferred outflows of resources	2,197,128	3,228,411	3,855,560
Current liabilities	2,283,739	2,248,380	2,096,830
Noncurrent liabilities	2,214,513	2,864,020	3,707,843
Total liabilities	<u>4,498,252</u>	<u>5,112,400</u>	<u>5,804,673</u>
Deferred inflows of resources	4,405,501	4,784,202	4,542,370
Net Investment in Capital Assets	2,887,430	2,039,861	1,972,709
Restricted:			
Nonexpendable	3,128,759	3,007,122	2,536,245
Expendable	637,439	527,253	434,095
Unrestricted	3,982,910	5,537,182	5,970,870
Net position	<u>\$ 10,636,538</u>	<u>\$ 11,111,418</u>	<u>\$ 10,913,919</u>

Current assets:

Current assets consist of cash, net accounts and pledges receivable, and prepaid expenses. The net decrease in current assets in 2023 is primarily due to a net decrease in cash of \$1,531,718, partially offset by an increase in prepaid expenses of \$117,144. The increase in prepaid expenses in 2023 is a result of the timing of payments for programming in the coming year. The net decrease in current assets in 2022 was primarily due to a net decrease in cash, prepaid expenses, and accounts receivable of \$53,992, \$77,114, and \$40,578, respectively. The decrease in prepaid expenses in 2022 is a result of changes with prepaid membership fees. The decrease in accounts receivable in 2022 is due to decreased underwriting and production service revenue resulting from normal variations in operations. The net changes in cash in 2023 and 2022 is primarily a function of the Stations' operating, financing, and investing activities as reported in the Statement of Cash Flows.

Noncurrent assets:**Long-term investments**

At June 30, 2023 and 2022, the Stations' long-term investments totaled \$6,034,450 and \$5,917,809, an increase of \$116,641 and \$512,696, respectively. Endowment gifts and University-designated additions to endowment investments totaled \$121,637 in 2023 and \$484,287 in 2022, while investment gains (losses) and fair value changes (realized and unrealized) within the investment portfolio accounted for a net decrease of \$4,996 in 2023 and an increase of \$28,409 in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**Michigan State University – WKAR Public Media**

Capital assets

At June 30, 2023, 2022, and 2021, the Stations' investment in capital assets was as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Construction in progress	\$ -	\$ 271,465	\$ -
Building improvements	4,225,401	2,864,627	2,864,627
Equipment	4,546,032	4,719,197	4,963,917
Vehicles	73,777	8,777	8,778
Furniture and other	124,370	124,370	124,370
Less: accumulated depreciation	(6,082,150)	(5,948,575)	(5,988,983)
	<u>\$ 2,887,430</u>	<u>\$ 2,039,861</u>	<u>\$ 1,972,709</u>

Net capital assets increased by \$847,569 and \$67,152 in 2023 and 2022 respectively. Capital asset additions totaled \$1,392,695 and \$507,013, while depreciation expenses totaled \$545,126 and \$439,861 in 2023 and 2022, respectively.

Deferred outflows of resources:

At June 30, 2023 and 2022, deferred outflows of resources totaled \$2,197,128 and \$3,228,411, a decrease of \$1,031,283 and \$627,149 respectively. This represents deferred amounts due to changes in assumptions and experience used to calculate the valuation of other postemployment benefits, changes in the Stations' proportionate share of the postemployment benefits liability, and related contributions made subsequent to the measurement date (in accordance with the adoption of GASB 75).

Current liabilities:

Current liabilities consist of accounts payable, accrued payroll, unearned support and revenues, and the current portion of net postemployment benefit obligations. The net increase in current liabilities in 2023 is primarily due to a net increase in unearned support and revenues of \$77,371. This was however offset by a decrease in accrued payroll of \$32,823 caused by fluctuations in the Station's operating activities. The net increase in current liabilities in 2022 was primarily due to a net increase in unearned support and revenues of \$232,632, offset by a decrease in accounts payable of \$75,383, due to fluctuations in the Station's operating activities. Fluctuations in sponsored program unearned amounts are primarily due to timing differences of cash draws from the grantor.

Noncurrent liabilities, postemployment benefit obligations:

At June 30, 2023 and 2022, the noncurrent portion of the Stations' net postemployment benefit obligations (OPEB) totaled \$2,214,513 (a decrease of \$649,507) and \$2,864,020 (a decrease of \$843,823). Provisions of GASB 75 require revaluing the unfunded liability using a 20-year tax-exempt municipal rate on an annual basis. As a result, the liability estimate for financial reporting is susceptible to dramatic variation from year to year. Although the financial reporting liability will be changing, the University's approach to funding the retirement benefits continues to be on a pay-as-you-go basis. Thus, there will be no impact on the payment of the other postemployment benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Michigan State University – WKAR Public Media

Deferred inflows of resources:

At June 30, 2023 and 2022, deferred inflows of resources totaled \$4,405,501 (a decrease of \$378,701) and \$4,784,202 (an increase of \$241,832), respectively. Deferred inflows of resources represent deferred amounts due to changes in assumptions used to calculate the valuation of other postemployment benefits and changes in the Stations' proportionate share of the other postemployment benefits liability.

Net position:

Net position represents residual WKAR Public Media assets and deferred outflows after liabilities and deferred inflows are deducted. Many factors affect the increase or decrease of net position in a given year, including obtaining new endowments and gifts and the performance of the Stations' investments. The Stations' net position at June 30, 2023, 2022, and 2021 is summarized as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net investment in capital assets	\$ 2,887,430	\$ 2,039,861	\$ 1,972,709
Restricted:			
Nonexpendable	3,128,759	3,007,122	2,536,245
Expendable	<u>637,439</u>	<u>527,253</u>	<u>434,095</u>
Total restricted	3,766,198	3,534,375	2,970,340
Unrestricted	<u>3,982,910</u>	<u>5,537,182</u>	<u>5,970,870</u>
Total net position	<u>\$ 10,636,538</u>	<u>\$ 11,111,418</u>	<u>\$ 10,913,919</u>

Net investment in capital assets represents the Stations' equipment and infrastructure net of accumulated depreciation.

Restricted nonexpendable net position is subject to externally imposed stipulations that they be maintained permanently. Such net position includes the corpus portion (historical value) of gifts to the Stations' permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Such net position includes the net appreciation of the Stations' permanent endowment funds that have not been stipulated by the donor to be reinvested permanently, restricted gifts, and federal and state sponsored programs.

Unrestricted net position is not subject to externally imposed restrictions but may be subject to internal designation to meet various specific commitments.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Stations, as well as the nonoperating revenues and expenses. In conformity with the Corporation for Public Broadcasting's *Financial Reporting Guidelines*, operating revenues include all major sources of revenue that constitute the principal ongoing operations of the Stations, which primarily include contributions, general

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**Michigan State University – WKAR Public Media**

appropriations from MSU, and grants from Corporation for Public Broadcasting (CPB). Although nonoperating revenues and expenses are not part of the principal ongoing operations of the Stations, they are an integral component in determining the increase or decrease in net position.

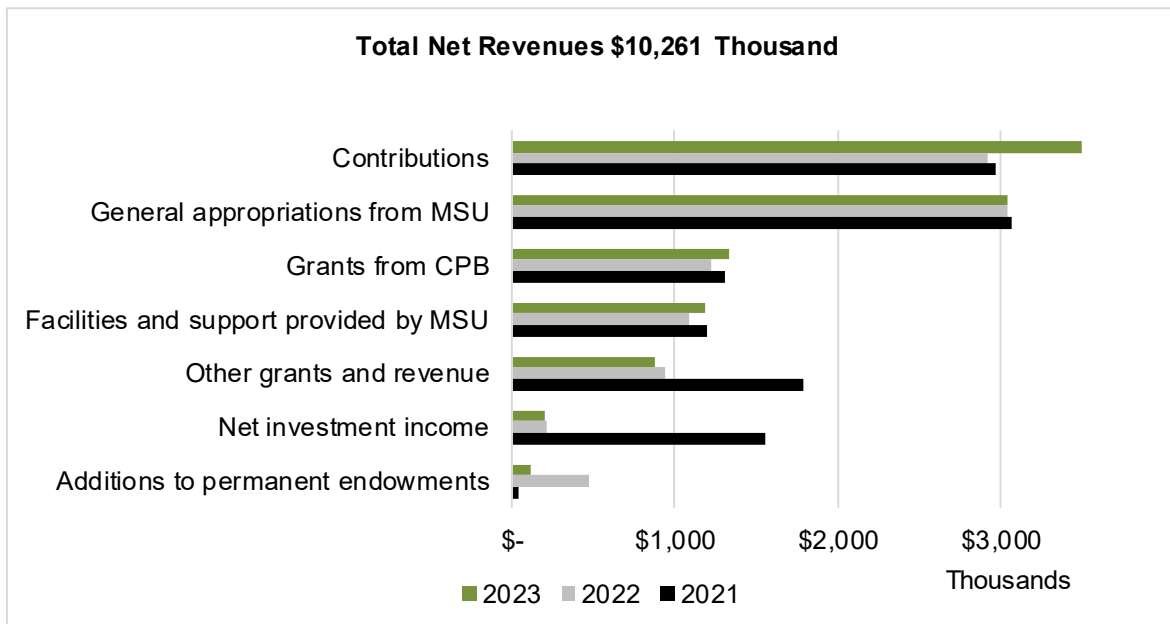
A summarized comparison of the Stations' revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021 follows:

	2023	2022	2021
Operating revenues	\$ 9,940,233	\$ 9,213,713	\$ 9,601,627
Operating expenses (net of OPEB recovery)	10,735,950	9,697,633	(792,560)
Operating (loss) income	(795,717)	(483,920)	10,394,187
Nonoperating revenues:			
Coronavirus grants and aid	-	-	729,209
Investment income	199,200	210,543	1,548,814
Net nonoperating revenues	199,200	210,543	2,278,023
(Loss) income before other	(596,517)	(273,377)	12,672,210
Additions to permanent endowments	121,637	470,876	40,273
(Decrease) increase in net position	(474,880)	197,499	12,712,483
Net position, beginning of year	11,111,418	10,913,919	(1,798,564)
Net position, end of year	\$ 10,636,538	\$ 11,111,418	\$ 10,913,919

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Michigan State University – WKAR Public Media

Total net revenues by source for the years ended June 30, 2023, 2022, and 2021, respectively, are presented as follows in thousands of dollars:



The Stations are limited in the number of sources of revenue from which they have to draw. The Stations continue the development of a variety of plans to increase revenue-raising activities including more aggressive program underwriting activities and major giving initiatives. In addition, the Stations continue to evaluate expenses and streamline services to ensure funds are used in the most efficient way possible.

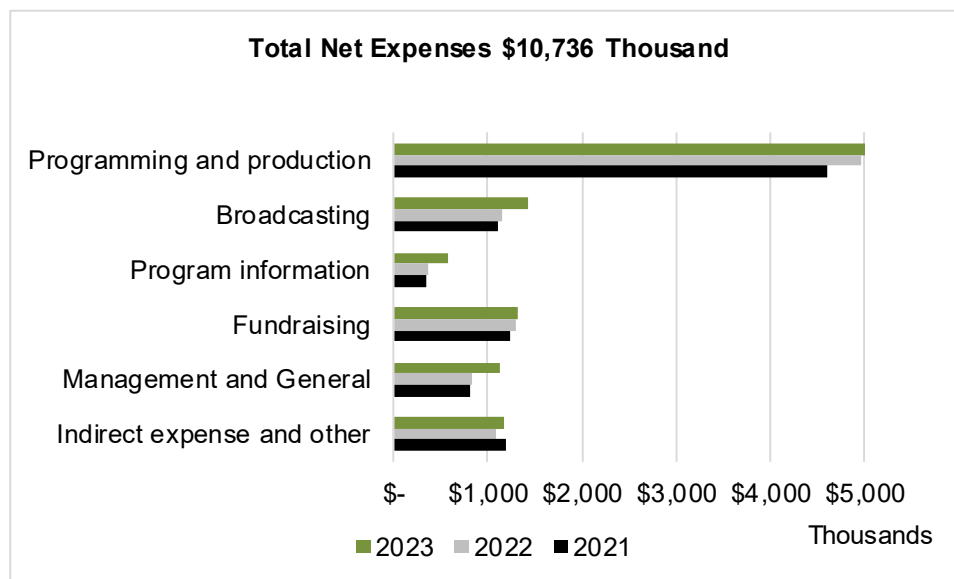
The most significant sources of operating revenue for the Stations are general appropriations from Michigan State University (MSU) and contributions. General appropriations from MSU are approved by the University's Board of Trustees annually and totaled \$3,041,420 (a decrease of \$3,699) and \$3,045,119 (a decrease of \$26,492) in 2023 and 2022, respectively. Contributions totaled \$3,498,595 (an increase of \$580,764) and \$2,917,831 (a decrease of \$49,907) in 2023 and 2022, respectively. The University also provides indirect administrative support to the Stations, which consists of an allocation of costs of certain central University units that provide services or support to WKAR.

Net nonoperating and other revenues consist primarily of additions to permanent endowments and net investment income. Net nonoperating and other revenues decreased by \$360,582 in 2023 primarily due to a decrease in additions to permanent endowments.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Michigan State University – WKAR Public Media

Operating expenses by source for the years ended June 30, 2023, 2022, and 2021 (net of the impact of a 2021 change in postemployment benefit plan for comparability), respectively, are presented as follows in thousands of dollars:



During 2023, \$7,117,168 was expended for the core missions of the Stations – programming and production, broadcasting, and program information, an increase of \$643,403 from 2022. This increase can be attributed to normal variability in operations and inflation.

Economic Outlook

During fiscal year 2023, WKAR wrapped up a year of celebrations in honor of the station’s 100th anniversary. The decline of pandemic restrictions coupled with an active calendar of local and station events served to reinvigorate community interest and support of WKAR. The station continues to make impressive strides connecting with new audiences and bringing more relevant and timely news, information, and entertainment to viewers and listeners.

During the pandemic, WKAR unearthed new ways to create quality programming, deliver news and information to more audiences, and engage more sectors of the community. The lessons learned shaped the foundation for a new 2023-2026 WKAR Strategic Plan that is focused on prosperity through partnerships and collaboration. Deliberate efforts to expand the current list of WKAR partners to include more small businesses, community organizations, and academic units are already showing positive results.

Elevating education—a key element of the WKAR mission, remained a top priority in 2023. Station leaders established and maintained new relationships with local school officials and the MSU College of Education. The resulting engagements focus on ways to collaborate as we all worked toward the shared goal of increased k-12 literacy. The WKAR Family Reading Kit Project continued to serve as a model for effective community partnerships. More than 100 organizations received WKAR Reading Kits with books and impactful reading activities which were distributed to nearly 10,000 children in mid-Michigan communities.

Throughout the year, WKAR upheld a longstanding tradition of celebrating local communities with special

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Michigan State University – WKAR Public Media

programming during Hispanic Heritage Month, Black History Month, Women's History Month, Asian American History Month, and Pride Month. Additionally, WKAR Radio continues to reach new listeners through ¿Qué Onda, Michigan? a Spanish language podcast presenting news of the week for the Latinx community.

The success of WKAR's innovative NextGen TV research captured the attention of local and state lawmakers who helped secure nearly \$2.5 million in education-focused federal funding. The result is an ongoing multi-year project designed to help close the digital divide in partnership with the Lansing School District. The station also continues to support the Michigan Learning Channel in partnership with public broadcaster colleagues around the state and is actively seeking new opportunities to jointly develop content that serves broader Michigan.

The financial front continued to be bright as the station successfully maintained some portion of the annual and major gift giving increases that supported WKAR's Century of Service celebration. The additional support allowed the station to surpass fundraising goals. Underwriting revenue continues to be a growth area, however, plans to create new programming and refresh existing content are expected to breathe new energy into the underwriting operation. We are effectively maintaining and renewing existing contracts, and we are getting valuable feedback from clients considering larger investments in our work.

The pandemic led to a slight decrease in contract revenue, however, WKAR has seen a rebound and is anticipating continued growth in contractual services as university budgets stabilize.

The year ahead is about sustaining and building WKAR's relevance in the community through a comprehensive, well-executed digital transformation. The station has begun the work of adapting our content, resources, programming schedules, and engagements to meet the needs of a changing audience. It is a daunting but essential task that WKAR is approaching with innovation, creativity, and an unyielding drive to succeed.

STATEMENTS OF NET POSITION**Michigan State University - WKAR Public Media**

	June 30,	
	2023	2022
ASSETS		
Current assets:		
Cash	\$ 8,108,692	\$ 9,640,410
Accounts receivable, net	78,887	30,048
Pledges receivable, net of allowance of \$17,602 and \$22,622 for 2023 and 2022, respectively	52,183	80,561
Prepaid expenses	169,926	52,782
Total current assets	8,409,688	9,803,801
Noncurrent assets:		
Pledges receivable, net of allowance of \$4,970 and \$7,773 for 2023 and 2022, respectively	11,595	18,138
Long-term investments	6,034,450	5,917,809
Capital assets, net	2,887,430	2,039,861
Total noncurrent assets	8,933,475	7,975,808
Total assets	17,343,163	17,779,609
DEFERRED OUTFLOWS OF RESOURCES	2,197,128	3,228,411
LIABILITIES		
Current liabilities:		
Accounts payable	74,580	80,021
Accrued payroll	45,799	78,622
Unearned support and revenues	2,047,793	1,970,422
Current portion of net postemployment benefit obligation	115,567	119,315
Total current liabilities	2,283,739	2,248,380
Noncurrent liabilities:		
Net other postemployment benefit obligation	2,214,513	2,864,020
Total noncurrent liabilities	2,214,513	2,864,020
Total liabilities	4,498,252	5,112,400
DEFERRED INFLOWS OF RESOURCES	4,405,501	4,784,202
NET POSITION		
Net investment in capital assets	2,887,430	2,039,861
Restricted		
Nonexpendable	3,128,759	3,007,122
Expendable - programming	637,439	527,253
Unrestricted	3,982,910	5,537,182
TOTAL NET POSITION	\$ 10,636,538	\$ 11,111,418

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Michigan State University - WKAR Public Media

	Year ended June 30,	
	2023	2022
OPERATING REVENUES		
General appropriations from Michigan State University	\$ 3,041,420	\$ 3,045,119
Contributions	3,498,595	2,917,831
Grants from Corporation for Public Broadcasting	1,333,199	1,224,972
Program underwriting	528,844	307,786
Contract services	202,751	345,210
Facilities and support provided by Michigan State University	1,183,796	1,083,643
Other grants and revenue	151,628	289,152
TOTAL OPERATING REVENUES	9,940,233	9,213,713
OPERATING EXPENSES		
Program services:		
Programming and production	5,091,756	4,964,408
Broadcasting	1,435,555	1,144,274
Program information	589,857	365,083
Support services:		
Fundraising	1,312,302	1,300,449
Management and general	1,123,357	831,040
Other post-employment benefit obligations	(673)	8,736
Indirect expense	1,183,796	1,083,643
TOTAL OPERATING EXPENSES	10,735,950	9,697,633
Operating loss	(795,717)	(483,920)
NONOPERATING REVENUES		
Investment income	199,200	210,543
Net nonoperating revenue	199,200	210,543
LOSS BEFORE OTHER	(596,517)	(273,377)
Additions to permanent endowments	121,637	470,876
(Decrease) increase in net position	(474,880)	197,499
Net position, beginning of year	11,111,418	10,913,919
NET POSITION, END OF YEAR	\$ 10,636,538	\$ 11,111,418

STATEMENTS OF CASH FLOW

Michigan State University - WKAR Public Media

	Year ended June 30,	
	2023	2022
Cash flows from operating activities		
General appropriations from Michigan State University	\$ 2,165,077	\$ 2,192,275
Contributions	3,533,516	2,951,788
Corporation for Public Broadcasting grants	1,410,570	1,457,604
Program underwriting	480,005	348,364
Contract services	202,751	345,210
Other revenue and grants	151,628	289,152
Payments to employees	(4,664,324)	(4,328,439)
Payments to suppliers	(3,666,039)	(3,084,876)
Other receipts	43,597	113,220
Net cash (used in) provided by operating activities	(343,219)	284,298
Cash flows from noncapital financing activities		
Endowment contributions	121,637	470,876
Net cash provided by noncapital financing activities	121,637	470,876
Cash flows from capital and related financing activities		
Purchase of buildings and equipment	(1,392,695)	(507,013)
Net cash used in capital and related financing activities	(1,392,695)	(507,013)
Cash flows from investing activities		
Purchase of investments	(121,637)	(484,288)
Investment income	204,196	182,135
Net cash provided by (used in) investing activities	82,559	(302,153)
Net decrease in cash	(1,531,718)	(53,992)
Cash, beginning of year	9,640,410	9,694,402
Cash, end of year	8,108,692	9,640,410
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (795,717)	\$ (483,920)
<i>Adjustment to reconcile operating income (loss) to net cash provided by operating activities:</i>		
Depreciation expense	545,126	439,861
<i>Changes in assets and liabilities:</i>		
Accounts receivable	(48,839)	40,578
Pledges receivable	34,921	33,957
Prepaid expense	(117,144)	77,114
Accounts payable	(5,441)	(75,383)
Accrued payroll	(32,823)	10,723
Unearned support and revenues	77,371	232,632
Net postemployment benefit obligation	(653,255)	(860,245)
<i>Change in deferred outflows</i>	<i>1,031,283</i>	<i>627,149</i>
<i>Change in deferred inflows</i>	<i>(378,701)</i>	<i>241,832</i>
Net cash (used in) provided by operating activities	\$ (343,219)	\$ 284,298

NOTES TO THE FINANCIAL STATEMENTS

Michigan State University – WKAR Public Media

1. Organization, basis of presentation, reporting entity, and summary of significant accounting policies

Basis of presentation:

WKAR-Television and WKAR-Radio (“WKAR”, the “Stations”) are public telecommunications entities owned and operated by Michigan State University. They do not have separate legal status or existence. The financial position and the revenues and expenses of WKAR are included in the financial statements of Michigan State University.

WKAR follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities and is presented in accordance with the reporting model as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management’s Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 63. WKAR follows the “business-type” activities requirements of GASB Statement No. 34. This approach requires the following components of WKAR’s financial statements:

- Management’s Discussion and Analysis
- Basic Financial Statements including a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements

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

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed constraints that they be maintained permanently by WKAR. Nonexpendable net position includes the corpus portion (historical value) of gifts to WKAR’s permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
 - Expendable – Net position whose use by WKAR is subject to externally imposed constraints that can be fulfilled by actions of WKAR pursuant to those constraints or that expire by the passage of time. Expendable net position includes net appreciation of WKAR’s permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.
- Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position is generally designated for academic, research, and outreach programs and initiatives, postemployment benefits, and capital asset renewals and replacements.

Summary of significant accounting policies:

Cash and investments – Cash and investments are held in Michigan State University Funds. The amounts reflected in the accompanying balance sheet represent the net amounts due to the Stations from the University’s pooled cash and investment system. Investments are stated at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The University values its investments using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the University, while unobservable inputs reflect the University’s own assumptions about how market participants would value an asset or a liability based on the best information available.

Accounts Receivable – Accounts receivable consist primarily of underwriting revenues. All accounts receivable are deemed fully collectible.

Pledges receivable – Financial support in the form of pledges is received from business enterprises, foundations and individuals. Revenue from gift pledges are recorded only when there is an unconditional promise to pay and all eligibility requirements, including time requirements, have been met. Contributions to permanent and term endowments are not recognized as assets until actually received.

Capital assets – Capital assets and equipment are recorded at cost, or, in the case of donated property, at estimated acquisition value at date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 4 to 20 years, with a full-year expense in the year of acquisition and none in the year of disposal. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The cost of maintenance and repairs are expensed as incurred; significant renewals and improvements are capitalized.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

Deferred outflows of resources – This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. Deferred outflows of resources consist of contributions subsequent to the measurement date and changes in assumptions related to the valuation of other postemployment benefits.

Deferred inflows of resources – Deferred inflows of resources represent an addition to net position that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources consist of changes in assumptions related to the valuation of other postemployment benefits.

Unearned revenue – Unearned revenue consists primarily of contract and sponsored program advances that will be recognized in the period in which it is earned.

Operating and nonoperating revenues – Operating activities as reported on the Statements of Revenue, Expenses, and Changes in Net Position are those activities that generally result from principal ongoing operations, such as payments received from general appropriations, contributions, grants, and underwriting activities. Certain grants restricted for use for capital asset acquisitions and additions of permanent endowments are reported as nonoperating revenue. Restricted and unrestricted resources are spent and tracked within the guidelines of the donor restrictions, if any.

Facilities and support provided by Michigan State University - Facilities and administrative support from the University consist of an allocation of occupancy cost, operation and maintenance, utilities, and other institutional support expenses of the University.

Donor restricted endowments – Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 (“UPMIFA”), the University’s Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the University Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purpose of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. Under the University’s programmatic spending policy established by the University’s Board, 4.4% of the average market value of endowment investments for the twenty quarters of the five fiscal years prior to the beginning of the fiscal year was authorized for expenditure for fiscal year 2023. For the fiscal year 2024, the rate will remain at 4.4%.

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 revenue and expenses during the reported period. Actual results could differ from those estimates.

2. Investments

WKAR has received certain contributions that are restricted to use as endowments. Such endowment assets are held within the University’s Endowment Fund, and are held in a common investment pool that invests in high-grade equities, bonds or other marketable securities. The fair value of WKAR’s endowment investments was \$6,034,450 and \$5,917,809 at June 30, 2023 and 2022, respectively. The historical value of WKAR’s endowment investments was \$4,018,150 and \$3,896,514 at June 30, 2023 and 2022, respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

3. Capital assets

Capital asset activity for the years ended June 30, 2023 and 2022 is as follows:

	2022	Additions (Deductions)	Disposals	Transfers	2023
Construction in progress	\$ 271,465	\$ 1,089,309	\$ -	\$ (1,360,774)	\$ -
Depreciated capital assets:					
Buildings improvements	2,864,627	-	-	1,360,774	4,225,401
Equipment	4,719,196	238,386	(411,552)		4,546,030
Vehicles	8,778	65,000	-	-	73,778
Furniture and other	124,370	-	-	-	124,370
Less: accumulated depreciation					
Building improvements	(1,935,941)	(141,142)	-	-	(2,077,083)
Equipment	(3,879,486)	(403,984)	411,552	-	(3,871,918)
Vehicles	(8,778)	-	-	-	(8,778)
Furniture and other	(124,370)	-	-	-	(124,370)
Total depreciated capital assets	1,768,396	(241,740)	-	1,360,774	2,887,430
Total capital assets	\$ 2,039,861	\$ 847,569	\$ -	\$ -	\$ 2,887,430

	2021	Additions (Deductions)	Disposals	Transfers	2022
Construction in progress	\$ -	\$ 271,465	\$ -	\$ -	\$ 271,465
Depreciated capital assets:					
Building improvements	2,864,627	-	-	-	2,864,627
Equipment	4,963,917	235,548	(480,269)		4,719,196
Vehicles	8,778	-	-	-	8,778
Furniture and other	124,370	-	-	-	124,370
Less: accumulated depreciation					
Building improvements	(1,856,020)	(79,921)	-	-	(1,935,941)
Equipment	(3,999,815)	(359,940)	480,269	-	(3,879,486)
Vehicles	(8,778)	-	-	-	(8,778)
Furniture and other	(124,370)	-	-	-	(124,370)
Total depreciated capital assets	1,972,709	(204,313)	-	-	1,768,396
Total capital assets	\$ 1,972,709	\$ 67,152	\$ -	\$ -	\$ 2,039,861

For the years ended June 30, 2023 and 2022, depreciation expense for WKAR totaled \$545,126 and \$439,861, respectively. In conformity with the Corporation of Public Broadcasting's *Financial Reporting Guidelines*, depreciation expense is allocated to the various operating functional expense categories in the Statement of Revenues, Expenses and Changes in Net Position based on the operational function of each individual piece of property or equipment.

4. Facilities and support provided by Michigan State University

Included in revenue and expenditures are facilities and administrative support from Michigan State University, amounting to \$1,183,796 and \$1,083,643 for the years ending June 30, 2023 and 2022, respectively. They are reported as indirect expenses in the Statement of Revenues, Expenses and Changes in Net Position. Calculations are based on instructions provided by the Corporation for Public Broadcasting.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

5. Retirement benefits

The University has a defined contribution retirement plan covering all qualified employees. This contributory plan consists of employee-owned annuity contracts funded on a current basis. The University also funds and provides for termination benefits upon retirement resulting from unused sick days along with certain other separation benefits. The total contributions of the University necessary to fund the above mentioned retirement benefits attributable to WKAR are estimated to be \$359,000 and \$255,000 for the years ended June 30, 2023 and 2022, respectively.

6. Other postemployment benefits (OPEB)

The University provides retiree health and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a closed single employer defined benefit plan administered by the University effective for employees hired prior to July 1, 2010. Employees hired on or after July 1, 2010, are eligible to purchase insurance at the average cost of the defined benefit plan. Benefits are provided to eligible faculty, academic staff and support staff who meet normal retirement requirements while still working for the University. Currently, the plan has approximately 88 members attributable to WKAR. The plan does not issue a separate stand-alone financial statement. Terms of benefit plans are generally determined as part of collective bargaining agreements or set by the University for employees who are not represented. The Provost and Executive Vice President for Academic Affairs and the Executive Vice President for Administration are authorized to enter into collective bargaining agreements. In addition, the President and Senior Vice President and Chief Financial Officer are authorized to approve benefit plan changes.

The University's retiree medical plan is a Medicare advantage and prescription drug plan for those retirees eligible for Medicare. Medicare advantage and prescription drug plans are offered by private companies approved by Medicare to provide bundled Medicare benefits. The University pays a premium for each eligible retiree, spouse, and covered dependent to enroll in the plan and the actual claims are paid by the provider. Retirees are responsible for various co-payments. The University does not maintain a separate legal trust to hold assets used to fund postemployment benefits, has no obligation to make contributions in advance of when insurance premiums or claims are due for payment, and currently pays for postemployment benefits on a pay-as-you-go basis.

The University's annual postemployment benefits expense is actuarially determined in accordance with GASB 75. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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.

For the year ended June 30, 2023, the University's reported liability for providing retiree health and dental care benefits is estimated based on an actuarial valuation date of January 1, 2022 and measurement date of December 31, 2022 in accordance with GASB 75. The University's liability is calculated using the entry age normal level percent of pay method. The actuarial assumptions are as follows:

Discount rate	3.72%, based on the Bond Buyer 20-year General Obligation Municipal Bond Index
Salary increases	5.0%
Healthcare cost trend rates	6.50%/8.31% for 2023, decreasing 0.25% per year, to an ultimate rate of 5% for 2029 and later years. Trend rates shown are for pre-65 rates/post-65 rates, respectively. As of July 1, 2010, internal policy caps healthcare cost increases at a maximum of 5% per year.

For the year ended June 30, 2022, the University's reported liability for providing retiree health and dental care benefits is estimated based on an actuarial valuation date of January 1, 2022 and measurement date of December 31, 2021 in accordance with GASB 75. The University's liability is calculated using the entry age normal level percent of pay method. The actuarial assumptions are as follows:

Discount rate	2.06%, based on the Bond Buyer 20-year General Obligation Municipal Bond Index
Salary increases	5.0%
Healthcare cost trend rates	6.25%/9.03% for 2022, decreasing 0.31% per year, to an ultimate rate of 5% for 2026 and later years. Trend rates shown are for pre-65 rates/post-65 rates, respectively. As of July 1, 2010, internal policy caps healthcare cost increases at a maximum of 5% per year.

For the December 31, 2022 measurement date, the University utilized separate mortality assumptions for faculty and non-faculty staff. Faculty mortality is based on the Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables with MP-2021 improvement scale. Non-faculty staff mortality is based on the RP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments,

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

projected back to 2006 using scale MP-2014 and then projected forward using MP-2021. For the December 31, 2021 measurement date, the University utilized separate mortality assumptions for faculty and non-faculty staff. Faculty mortality is based on the Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables with MP-2021 improvement scale. Non-faculty staff mortality is based on the RP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments, projected back to 2006 using scale MP-2014 and then projected forward using MP-2021. Additional assumptions utilized include employee withdrawal rates up to 1.5% at age 65 for certain employee groups, a retirement age up to 69.0 for certain employee groups, 90% of males and 60% of females having covered spouses, and a retiree opt-out rate of 8%. These additional assumptions are based on an experience study performed in 2019. Changes in the total reported liability for postemployment benefits obligations for the year ended June 30, 2023 and 2022, are summarized as follows:

	2023	2022
Balance, beginning of year	\$ 2,983,335	\$ 3,843,580
Changes in proportionate share	(194,566)	(945,143)
Service cost	71,062	90,579
Interest cost	57,246	62,008
Changes in assumptions	(475,980)	(106,646)
Difference between expected and actual plan experience	50,813	166,980
Benefits payments	(161,830)	(128,023)
Balance, end of year	2,330,080	2,983,335
Less current portion	115,567	119,315
Noncurrent portion	\$ 2,214,513	\$ 2,864,020

Changes in assumptions reflect a change in the discount rate at both the measurement dates of December 31, 2022 and 2021, respectively.

Changes in proportionate share reflects a change in the share of the University's total OPEB liability that is allocated to the Stations. The amount the University allocated to the Stations is based on the number of the Stations' employees participating in the OPEB plan as a percentage of the University's total plan participants. At June 30, 2023 and June 30, 2022, the Stations' allocation of the university's total OPEB liability was 0.43% (a decrease of .03%) and 0.46% (a decrease of .15%), respectively.

Under the Medicare advantage plan, the Medicare Retiree Drug Subsidy is paid directly to the plan provider, and thus has the effect of reducing the University's postemployment benefits obligations at June 30, 2023 and 2022, respectively.

For both the December 31, 2022 and 2021 measurement dates, amounts are based on the valuation date of January 1, 2022. For purposes of the December 31, 2022 and 2021 measurement dates the number of plan participants attributable to WKAR consisted of the following:

	2023	2022
Active employees - Hired before July 1, 2010	15	17
Active employees - Hired after July 1, 2010	29	30
Retirees receiving benefits	26	28
Dependents	18	19
	<u>88</u>	<u>94</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend.

A one percentage-point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for postemployment benefits obligations at June 30, 2023:

	1% Decrease	Current Rates	1% Increase
Discount rate:			
Net OPEB obligations	\$ 2,675,946	\$ 2,330,080	\$ 2,043,248
Increase (decrease)	345,866	-	(286,832)
Health care trend rate:			
Net OPEB obligations	\$ 1,858,899	\$ 2,330,080	\$ 2,379,611
Increase (decrease)	(471,181)	-	49,532

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

A one percentage-point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for postemployment benefits obligations at June 30, 2022:

	1% Decrease	Current Rates	1% Increase
Discount rate:			
Net OPEB obligations	\$ 3,407,376	\$ 2,983,335	\$ 2,633,528
Increase (decrease)	424,041	-	(349,807)
Health care trend rate:			
Net OPEB obligations	\$ 2,570,457	\$ 2,983,335	\$ 3,097,898
Increase (decrease)	(412,878)	-	114,563

The components of postemployment benefits expense attributable to WKAR for the year ended June 30, 2023, and 2022 are summarized as follows:

	2023	2022
Service cost	\$ 71,062	\$ 90,579
Interest cost	57,246	62,008
Amortization of differences between expected and actual experience	30,504	26,970
Amortization of changes in assumptions and proportionate share	(159,485)	(170,821)
	<u>\$ (673)</u>	<u>\$ 8,736</u>

Deferred outflows and inflows of resources related to postemployment benefits obligations attributable to WKAR at June 30, 2023 are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Impact to OPEB
Changes in assumptions	\$ 1,746,716	\$ 1,512,788	\$ 233,928
Changes in proportionate share	135,398	2,873,230	(2,737,832)
Difference between expected and actual experience	239,519	19,483	220,036
Benefit payments made after measurement date	75,495		75,495
	<u>\$ 2,197,128</u>	<u>\$ 4,405,501</u>	<u>\$ (2,208,373)</u>

Deferred outflows and inflows of resources related to postemployment benefits obligations attributable to WKAR at June 30, 2022 are summarized as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Impact to OPEB
Changes in assumptions	\$ 2,185,759	\$ 1,369,254	\$ 816,505
Changes in proportionate share	729,507	3,391,125	(2,661,618)
Difference between expected and actual experience	237,484	23,823	213,661
Benefit payments made after measurement date	75,661	-	75,661
	<u>\$ 3,228,411</u>	<u>\$ 4,784,202</u>	<u>\$ (1,555,791)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Michigan State University – WKAR Public Media

Of the total amount reported as deferred outflows of resources related to OPEB at June 30, 2023, \$75,495 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction in the net OPEB liability in the year ended June 30, 2024. Deferred outflows and inflows related to changes in assumptions and the difference between expected and actual plan experience will be amortized into expense in the following years ended June 30 based upon the average future work life expectancy of plan participants.

2023	\$ (289,159)
2024	(289,159)
2025	(289,159)
2026	(289,159)
2027	(286,612)
2028 and beyond	(817,241)
Total	<u>\$ (2,283,868)</u>

7. 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. NFFS is defined as the total value of cash and the fair value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV Community Service Grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating NFFS. This change excludes all revenues received for any capital purchases.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

The assets, liabilities and net assets of the Commission are accounted for using the following funds for CPB purposes:

Television Fund - This fund includes the resources that are available for support of WKAR’s television transmission operations.

Radio Fund - This fund includes the resources that are available for support of WKAR-FM and WKAR-AM.

Reported NFFS for WKAR was \$5,011,607 and \$5,095,588 for the television fund and \$3,680,920 and \$3,255,254 for the radio fund for the years ended June 30, 2023 and 2022, respectively.

8. New Accounting Pronouncement

The University will be required to implement the provisions of GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025. This GASB Statement updates the recognition and measurement guidance for compensated absences. WKAR is in the process of determining the full impact of this standard on its financial statements.

Required Supplementary Information

Michigan State University – WKAR Public Media

REQUIRED SUPPLEMENTARY INFORMATION

Michigan State University – WKAR Public Media

Schedule of Changes in the Stations' total OPEB liability and related ratios

The historical reconciliation of the total reported liability for postemployment benefit obligations for the year ended June 30, 2022, 2021, 2020, 2019, and 2018 is summarized as follows:

	2023	2022	2021	2020	2019	2018
Service cost	\$ 71,062	\$ 90,579	\$ 349,731	\$ 285,543	\$ 347,054	\$ 300,840
Changes in proportionate share	(194,566)	(945,143)	(1,713,072)	(494,200)	(201,603)	-
Interest cost	57,246	62,008	362,401	458,684	506,326	510,474
Changes in benefit terms	-	-	(10,654,181)	-	-	-
Changes in assumptions	(475,980)	(106,646)	1,037,075	2,779,775	(3,220,524)	842,931
Differences between expected and actual plan experience	50,813	166,980	(39,498)	188,349	-	-
Benefit payments	(161,830)	(128,023)	(274,122)	(303,717)	(287,590)	(281,773)
Net changes	<u>\$ (653,255)</u>	<u>\$ (860,245)</u>	<u>\$ (10,931,666)</u>	<u>\$ 2,914,434</u>	<u>\$ (2,856,337)</u>	<u>\$ 1,372,472</u>
Total liability, beginning of year	\$ 2,983,335	\$ 3,843,580	\$ 14,775,246	\$ 11,860,812	\$ 14,717,149	\$ 13,344,677
Total liability, ending of year	\$ 2,330,080	\$ 2,983,335	\$ 3,843,580	\$ 14,775,246	\$ 11,860,812	\$ 14,717,149
Covered employee payroll	\$ 3,995,125	\$ 3,790,521	\$ 3,576,957	\$ 3,749,295	\$ 3,389,836	\$ 3,845,442
Total liability as a percentage of Stations' covered employee payroll	58.3%	78.7%	107.5%	394.1%	349.9%	382.7%
Stations' proportionate share of University OPEB liability	0.43%	0.46%	0.61%	0.69%	0.72%	0.73%

Notes to Schedule:

No assets are accumulated in a trust to pay related other postemployment benefits.

Discount rates used in determining the total reported liability for postemployment benefits obligations were 3.72%, 2.06%, 2.12%, 2.73%, 4.09%, 3.44%, and 3.78% at the measurement dates of December 31, 2022, 2021, 2020, 2019, 2018, 2017, and 2016, respectively.

In 2021, the change in benefit terms includes a transition to a Medicare advantage and prescription drug plan.

In 2020, changes in assumption include the repeal of the Affordable Care Act high cost plan excise tax and a reduction in the current health care cost trend rate from 7.50% to 6.88%.

In 2019, as a result of an experience study, assumptions related to mortality, employee withdrawal rates, retirement age, salary increases, marital status, and retiree opt-out rates were adjusted to more closely reflect actual experience. The changes were as follows:

- Mortality - the University changed from using the RP-2014 Generational Healthy Mortality Tables, with white collar adjustments for all employees to Pub T.H-2010.H (A) Public Retirement Plans Mortality Tables for faculty and MP-2014 Generational Healthy Mortality Tables, with mixed collar adjustments for non-faculty.
- Employee withdrawal rate - the University changed from 0% at age 55 to up to 1.5% at age 65 for certain employee groups.
- Retirement age - the University increased the retirement age from 62.4 for all employees to up to 69.0 for certain employee groups.
- Salary increase - the University increased the salary increase level from 4% to 5%.
- Marital status - the University increased the number of covered spouses from 80% for males and 50% for females to 90% for males and 60% for females.
- Retiree opt-out rate - the University increased the retiree opt-out rate from 0% to 8%.

Additional Information

Michigan State University – WKAR Public Media

CONSOLIDATING STATEMENTS OF NET POSITION
Michigan State University - WKAR Public Media

	June 30, 2023			June 30, 2022		
	Television	Radio	Total	Television	Radio	Total
ASSETS						
Current assets:						
Cash	\$ 4,530,890	\$ 3,577,802	\$ 8,108,692	\$ 5,826,736	\$ 3,813,674	\$ 9,640,410
Accounts receivable, net	50,802	28,085	78,887	20,492	9,556	30,048
Pledges receivable, net of allowance of \$17,602 and \$22,622 for 2023 and 2022, respectively	29,368	22,815	52,183	53,934	26,627	80,561
Prepaid expenses	39,470	130,456	169,926	32,552	20,230	52,782
Total current assets	4,650,530	3,759,158	8,409,688	5,933,714	3,870,087	9,803,801
Noncurrent assets:						
Pledges receivable, net of allowance of \$4,970 and \$7,773 for 2023 and 2022, respectively	3,718	7,877	11,595	7,466	10,672	18,138
Long-term investments	2,901,599	3,132,851	6,034,450	2,839,930	3,077,879	5,917,809
Capital assets, net	2,779,725	107,705	2,887,430	1,927,741	112,120	2,039,861
Total noncurrent assets	5,685,042	3,248,433	8,933,475	4,775,137	3,200,671	7,975,808
Total assets	10,335,572	7,007,591	17,343,163	10,708,851	7,070,758	17,779,609
DEFERRED OUTFLOWS OF RESOURCES	1,272,137	924,991	2,197,128	1,917,676	1,310,735	3,228,411
LIABILITIES						
Current liabilities:						
Accounts payable	54,245	20,335	74,580	42,652	37,369	80,021
Accrued payroll	38,778	7,021	45,799	65,691	12,931	78,622
Unearned support and revenues	1,609,832	437,961	2,047,793	1,522,164	448,258	1,970,422
Current portion of net postemployment benefit obligation	66,913	48,654	115,567	70,873	48,442	119,315
Total current liabilities	1,769,768	513,971	2,283,739	1,701,380	547,000	2,248,380
Noncurrent liabilities:						
Net other postemployment benefit obligation	1,282,203	932,310	2,214,513	1,701,228	1,162,792	2,864,020
Total noncurrent liabilities	1,282,203	932,310	2,214,513	1,701,228	1,162,792	2,864,020
Total liabilities	3,051,971	1,446,281	4,498,252	3,402,608	1,709,792	5,112,400
DEFERRED INFLOWS OF RESOURCES	2,550,785	1,854,716	4,405,501	2,841,815	1,942,387	4,784,202
NET POSITION						
Net investment in capital assets	2,779,725	107,705	2,887,430	1,927,741	112,120	2,039,861
Restricted						
Nonexpendable	1,652,282	1,476,477	3,128,759	1,589,270	1,417,852	3,007,122
Expendable - programming	299,485	337,954	637,439	232,763	294,490	527,253
Unrestricted	1,273,461	2,709,449	3,982,910	2,632,330	2,904,852	5,537,182
TOTAL NET POSITION	\$ 6,004,953	\$ 4,631,585	\$ 10,636,538	\$ 6,382,104	\$ 4,729,314	\$ 11,111,418

CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Michigan State University - WKAR Public Media

	Year ended June 30, 2023			Year ended June 30, 2022		
	Television	Radio	Total	Television	Radio	Total
OPERATING REVENUES						
General appropriations from Michigan State University	\$ 1,775,817	\$ 1,265,603	\$ 3,041,420	\$ 1,882,761	\$ 1,162,358	\$ 3,045,119
Contributions	1,944,226	1,554,369	3,498,595	1,662,279	1,255,552	2,917,831
Grants from Corporation for Public Broadcasting	1,124,622	208,577	1,333,199	1,224,972	-	1,224,972
Program underwriting	277,327	251,517	528,844	137,555	170,231	307,786
Contract services	198,065	4,686	202,751	340,818	4,392	345,210
Facilities and support provided by Michigan State University	732,209	451,587	1,183,796	693,704	389,939	1,083,643
Other grants and revenue	125,508	26,120	151,628	248,493	40,659	289,152
TOTAL OPERATING REVENUES	6,177,774	3,762,459	9,940,233	6,190,582	3,023,131	9,213,713
OPERATING EXPENSES						
Program services:						
Programming and production	3,217,814	1,873,942	5,091,756	3,323,227	1,641,181	4,964,408
Broadcasting	1,209,829	225,726	1,435,555	900,499	243,775	1,144,274
Program information	334,724	255,133	589,857	187,897	177,186	365,083
Support services:						
Fundraising	709,357	602,945	1,312,302	690,383	610,066	1,300,449
Management and general	580,658	542,699	1,123,357	431,520	399,520	831,040
Other post-employment benefit obligations	(68,476)	67,803	(673)	41,432	(32,696)	8,736
Indirect expense	732,209	451,587	1,183,796	693,704	389,939	1,083,643
TOTAL OPERATING EXPENSES	6,716,115	4,019,835	10,735,950	6,268,662	3,428,971	9,697,633
Operating loss	(538,341)	(257,376)	(795,717)	(78,080)	(405,840)	(483,920)
NONOPERATING REVENUES (EXPENSES)						
Investment income	98,178	101,022	199,200	97,655	112,888	210,543
Net nonoperating revenues	98,178	101,022	199,200	97,655	112,888	210,543
(LOSS) INCOME BEFORE OTHER	(440,163)	(156,354)	(596,517)	19,575	(292,952)	(273,377)
Additions to permanent endowments	63,012	58,625	121,637	285,781	185,095	470,876
(Decrease) increase in net position	(377,151)	(97,729)	(474,880)	305,356	(107,857)	197,499
Net position, beginning of year	6,382,104	4,729,314	11,111,418	6,076,748	4,837,171	10,913,919
NET POSITION, END OF YEAR	\$ 6,004,953	\$ 4,631,585	\$ 10,636,538	\$ 6,382,104	\$ 4,729,314	\$ 11,111,418