



Delta College

**Audited Financial Statements and
Other Financial Information**

June 30, 2021

**WUCX-FM Radio
Public Broadcasting Station**

**WUCX-FM
Delta College**

**Audited Financial Statements
and Other Financial Information**

June 30, 2021

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Management's Discussion and Analysis
WUCX-FM
Delta College
Year Ended June 30, 2021

This discussion and analysis of the financial statements of WUCX-FM (the Station) provides an overview of the Station's financial activities for the years ended June 30, 2021, 2020 and 2019. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis, required supplementary information, and other supplementary information. Responsibility for the completeness and fairness of this information rests with the Station's management.

Using this Report

These financial statements are 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*. The financial statements 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. Capital expenditures are capitalized on the balance sheet instead of expensed, and depreciation is recorded.

Activities are reported as either operating or nonoperating in accordance with GASB Statement No. 35. Charges for services and operating grants and contributions are recorded as operating revenue, including appropriations and donated facilities and administrative support from Delta College (College).

This annual financial report complies with these requirements and includes this management's discussion and analysis, the report of independent auditors, the basic financial statements, notes to financial statements, required supplementary information, and supplemental information similar to commercial enterprises and private-sector institutions.

Over time, increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the Station, many other non-financial factors also need to be considered such as trends in listenership, community volunteering, and the quality of regional and national programming.

Joint Operating Agreement

The Station operates under a Joint Operating Agreement with Central Michigan University's (CMU) public radio station, WCMU-FM. This agreement allows the Station to broadcast under WCMU-FM's license and share in annual funding from the Corporation for Public Broadcasting (CPB) and programming costs from National Public Radio and Public Radio International with WCMU-FM. This agreement requires the Station to submit audited financial statements and a CPB Annual Financial Report to CMU. CMU then consolidates the financial information for both stations in WCMU-FM's Annual Financial Report to CPB, which is required to receive CPB funding. The agreement also requires the Station to pay WCMU-FM quarterly for its pro-rata share of tower rental and insurance expenses.

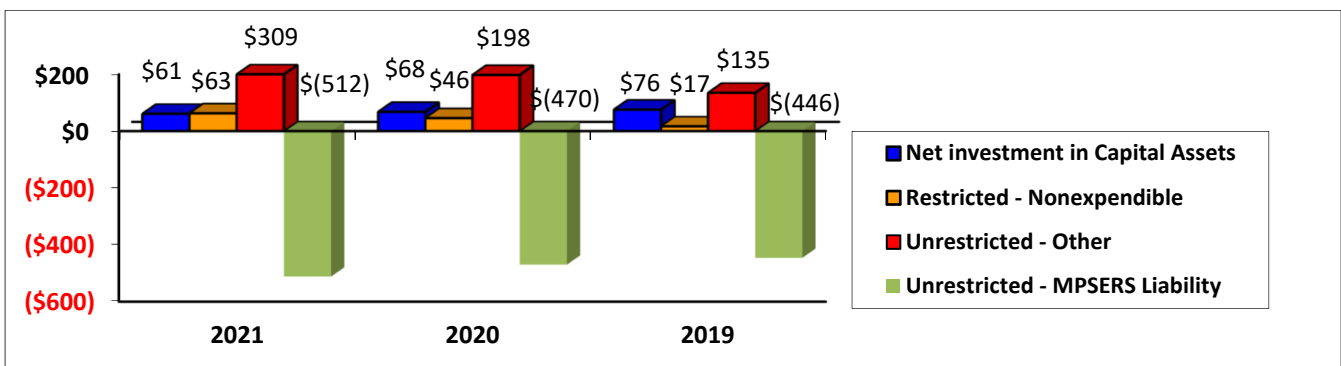
The formula for sharing CPB funding is based upon the Station's nonfederal financial support (NFFS) as a percentage of the total NFFS for WUCX-FM and WCMU-FM combined. Similarly, the formula for sharing programming costs is based upon the ratio of the Station's annual number of broadcast hours per week to the combined total for both stations. Since the Station is not directly awarded the grant from CPB and the Station's share of programming costs typically exceeds its share of CPB funding, the Station records the net amount paid to WCMU-FM under the agreement as programming expense. In this manner, the Station is theoretically charged a discounted amount for programming in exchange for allowing CMU to include the Station's NFFS in WCMU-FM's annual financial report submitted to CPB.

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Financial Highlights

The Station experienced a \$79,000 increase in net position over the prior year. Station assets and deferred outflows of resources related to the Michigan Public School Employees' Retirement System (MPSERS) net pension and other postemployment benefits other than pensions (OPEB), increased \$144,000 and decreased \$20,000, respectively. The Station's current liabilities, which consist mostly of accrued payroll and other compensation, and MPSERS pension and OPEB liability increased \$23,000 and decreased \$7,000, respectively. Deferred inflows of resources relative to the net pension and OPEB liability increased \$29,000 from the prior year.

The following chart provides a graphical breakdown of net position by category for the fiscal years ending June 30, 2021, 2020 and 2019, in thousands:



Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Summary of Selected Financial Data

The following is a summary of the major components of the financial position of the Station as of June 30, 2021, 2020 and 2019, in thousands:

	2021	2020	2021-2020 Change	2019	2020-2019 Change
Current Assets	\$ 272	\$ 157	\$ 115	\$ 75	\$ 82
Long-Term Assets:					
Capital Assets, Net of Depreciation	61	68	(7)	76	(8)
Other	158	122	36	92	30
Total Assets	491	347	144	243	104
Deferred Outflows of Resources	125	145	(20)	147	(2)
Current Liabilities	58	35	23	15	20
Non-current Liabilities	535	542	(7)	522	20
Total Liabilities	593	577	16	537	40
Deferred Inflows of Resources	102	73	29	71	2
Net Position:					
Net Investment in Capital Assets	61	68	(7)	76	(8)
Restricted-Nonexpendable	63	46	17	17	29
Unrestricted	(203)	(272)	69	(311)	39
Total Net Position	\$ (79)	\$ (158)	\$ 79	\$ (218)	\$ 60

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Summary of Selected Financial Data – Continued

The following summarizes the major components of the Station's operating results for the years ended June 30, 2021, 2020 and 2019, in thousands:

	2021	2020	2021-2020 Change	2019	2020-2019 Change
Operating Revenue:					
Membership and Underwriting	\$ 203	\$ 165	\$ 38	\$ 200	\$ (35)
Other Gifts and Grants	-	28	(28)	-	28
General Appropriations & Donated Facilities and Administrative Support from Delta College	269	200	69	190	10
Total Operating Revenue	472	393	79	390	3
Operating Expenses:					
Programming and Production	233	171	62	171	-
Broadcasting	68	82	(14)	114	(32)
Fundraising & Membership Development	47	72	(25)	68	4
Management and General	78	34	44	43	(9)
Depreciation	7	8	(1)	7	1
Total Operating Expenses	433	367	66	403	(36)
Operating Income (Loss)	39	26	13	(13)	39
Nonoperating Revenue					
Net Investment Income	35	10	25	5	5
Net Nonoperating Revenue	35	10	25	5	5
Other Revenue					
Additions to Permanent Endowments	5	24	(19)	16	8
Total Other Revenue	5	24	(19)	16	8
Increase in Net Position	79	60	19	8	52
Net Position					
Net Position – Beginning of Year	(158)	(218)	60	(226)	8
Net Position – End of Year	\$ (79)	\$ (158)	\$ 79	\$ (218)	\$ 60

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Operating Revenue

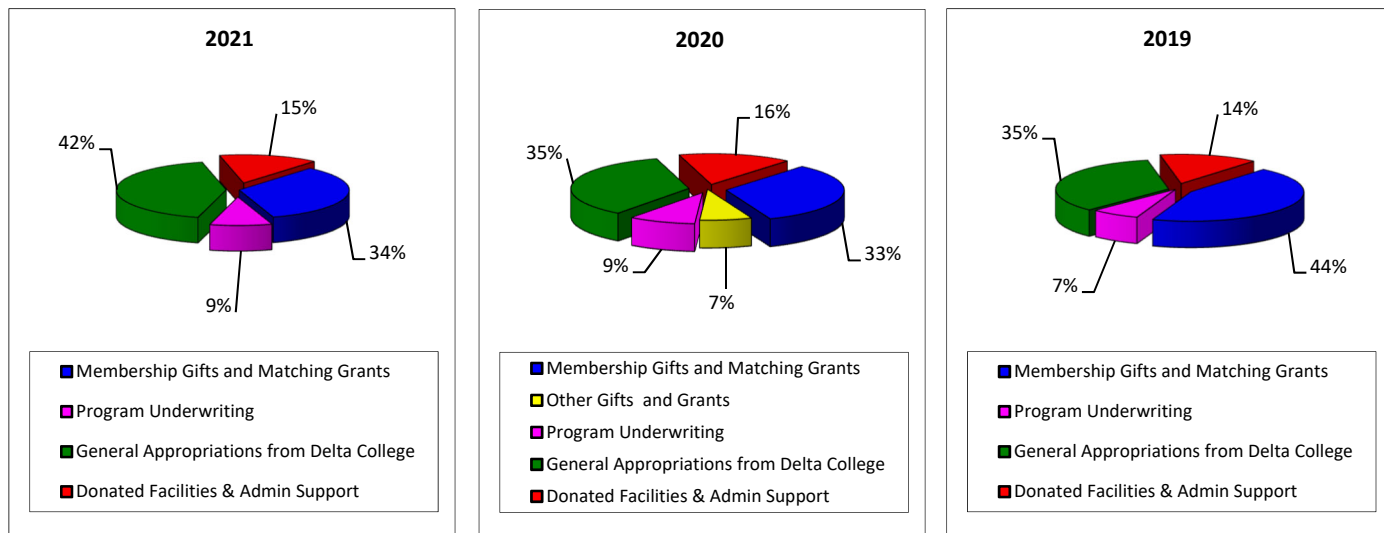
Operating revenue includes all gifts, grants and charges for services that are used to fund the operating activities of the Station, the most significant of which are membership and program underwriting gifts. Also included in operating revenue are general appropriations, donated facilities, and administrative support from Delta College. Operating revenue highlights are as follows:

- The Station's operating revenues for the years ended June 30, 2021, 2020 and 2019, respectively, totaled \$472,000, \$393,000 and \$390,000. The Station's sources of operating revenue are discussed in more detail below.
- Membership gifts are those primarily obtained through the Station's on-air pledge drives. A portion of membership gifts are matched by local companies through matching grant programs offered to their employees. For the years ended June 30, 2021, 2020, and 2019, respectively, membership gifts and matching grants revenue totaled \$160,000, \$128,000 and \$173,000. Of these amounts, \$400, \$300 and \$20,000 represented matching grants for each of the respective years. The decrease in matching funds is the result of a local organization discontinuing their matching funds program.
- The Station's underwriting revenue for the years ended June 30, 2021, 2020 and 2019, respectively, amounted to \$43,000, \$37,000 and \$27,000. The increase of \$6,000 to \$43,000 for the year ended June 30, 2021 and the increase of \$10,000 to \$37,000 for the year ended June 30, 2020 was the result of the increased number of contracts for underwriting services.
- Other grants and contracts revenue consists primarily of various federal and private grants. Other grants and contracts amounted to \$28,000 for the year ended June 30, 2020. There were no other grants and contracts received for the year ended June 30, 2021 or 2019. These grants are received from various sources and are generally intended to provide assistance with the production and promotion of the Station's programming. During the year ended June 30, 2020, the Station received a one-time grant from a local organization in lieu of their matching funds program that has been discontinued.
- The Radio Station receives an annual subsidy from Delta College. General appropriations from Delta College for the Radio Station were \$200,000, \$139,000 and \$135,000, respectively, for the years ended June 30, 2021, 2020 and 2019. These appropriations primarily fund employee compensation and benefits.
- In accordance with the CPB definition for institutional public broadcasting stations, the Station recognized indirect support from Delta College. Indirect support consists of allocations of the College's institutional support and facility operation costs that benefit the Station, and is calculated based upon the ratio of the Station's operating costs to the College's total institutional support and facility operation costs. The Station recognized indirect support for the three years ended June 30, 2021, 2020 and 2019, respectively, of \$69,000, \$61,000 and \$55,000.

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Operating Revenue - Continued

The following is a graphic illustration of operating revenue by source for the years ended June 30, 2021, 2020 and 2019:



Operating Expenses

Operating expenses are all costs necessary to purchase, produce and broadcast the Station's programs, and the related fundraising and administration costs. The Station's total operating expenses for the years ended June 30, 2021, 2020 and 2019, respectively, amounted to \$433,000, \$367,000 and \$403,000. Operating expense highlights are as follows:

- The Station's operating expenses increased \$66,000, or 18%, from the prior year to \$433,000, for the year ending June 30, 2021. The most significant variance from prior year were as follows:
 - Program and production expenses increased \$62,000, or 36%, from the prior year. This increase was primarily due to the increase in fringe benefits primarily related to the GASB 68 and GASB 75 fluctuations between years and program production and acquisition costs related to increased programming activity.
 - Broadcasting expenses decreased \$14,000, or 17%, from the prior year. The decrease was primarily due to decreases in payroll and fringe benefit fluctuations, including fringe benefits related to GASB 68 and GASB 75 fluctuations.
 - Fundraising and membership development expenses decreased \$25,000, or 35%, from the prior year. This decrease was primarily due to the decrease in payroll and fringe benefit fluctuations between years.
 - Management and general costs increased by \$44,000 or 129%, due to an increase in payroll and fringe benefit fluctuations between years.

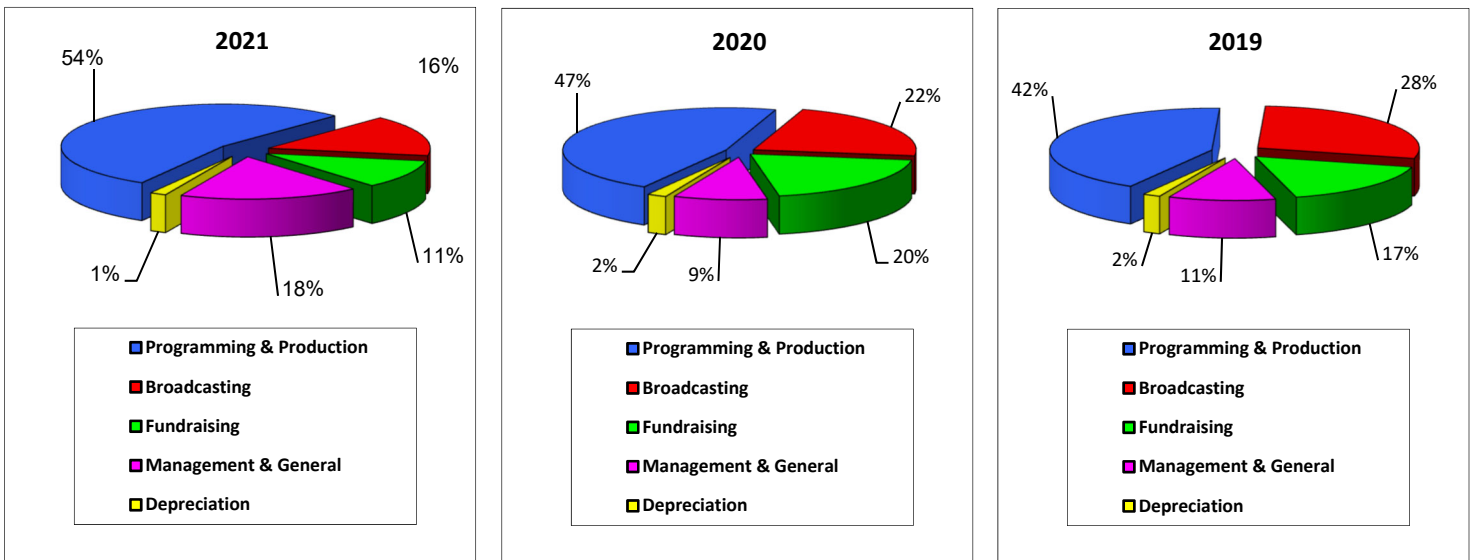
- The Station's operating expenses decreased \$36,000, or 9%, from the prior year to \$367,000, for the year ending June 30, 2020. The most significant variance from prior year were as follows:
 - Broadcasting expenses decreased \$32,000, or 28%, from the prior year. This decrease was due to the purchase of software and non-capital equipment for the implementation of radio automation and internet streaming in the prior year.
 - Management and general costs decreased by \$9,000 or 21%, due to a retirement of personnel and replacement during the year.

Management’s Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Operating Expenses – Continued

- The Station’s portion of total shared programming costs under the Joint Operating Agreement with WCMU-FM totaled \$49,000, \$40,000 and \$38,000, respectively, for the years ended June 30, 2021, 2020 and 2019. These amounts were offset by the Station’s calculated share of CPB funding of \$22,000 for the year ended June 30, 2019, which resulted in net expense to the Station of \$16,000. During the year ended June 30, 2021 and 2020, the Station’s calculated share of CPB funding was \$24,000 and \$22,000, respectively; however, an additional \$12,000 and \$16,000, respectively, was allocated for the Station’s portion of CARES Act Funding, resulting in net expense to the Station of \$13,000 and \$2,000, respectively. The Station’s allocation of shared operating expenses is calculated based on the number of hours that the Station broadcasts as a percentage of the total number of broadcast hours of both stations. For all three years, the Station’s allocation rate was 40%. The Station’s allocation of these expenses, which include tower rental, electricity and insurance, amounted to \$26,000, \$25,000 and \$24,000, respectively, for the years ended June 30, 2021, 2020 and 2019.

The following is a graphic illustration of operating expenses by function for the years ended June 30, 2021, 2020 and 2019:



Nonoperating Revenue

The Station’s nonoperating revenue is comprised of investment income, net of investment management fees, from investments. For the years ended June 30, 2021, 2020, and 2019 respectively, investment income, net of investment management fees amounted to \$35,000, \$10,000, and \$5,000. These variances in investment income are primarily attributed to fluctuations in the market value of the Station’s long-term investments.

Other Revenue

Other revenue consists of items that are typically nonrecurring, extraordinary, or unusual to the Station. Other revenue for the Station includes items such as capital appropriations from Delta College, additions to endowments, and gifts and grants received for capital projects. Other revenue for the years ended June 30, 2021, 2020, and 2019 included additions to permanent endowments in the amount of \$5,000, \$24,000, and \$16,000, respectively.

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- Needs for external financing

The following table summarizes the major cash flow components for the Station for the years ended June 30, 2021, 2020 and 2019, in thousands:

	2021	2020	2021-2020 Change	2019	2020-2019 Change
Cash Provided by (Used in):					
Operating Activities	\$ 111	\$ 78	\$ 33	\$ (1)	\$ 79
Noncapital Financing Activities	5	24	(19)	16	8
Investing Activities	(1)	(20)	19	(12)	(8)
Net Increase in Cash & Cash Equivalents	115	82	33	3	79
Cash & Cash Equivalents – Beginning of Year	157	75	82	72	3
Cash & Cash Equivalents – End of Year	\$ 272	\$ 157	\$ 115	\$ 75	\$ 82

Capital Assets

At June 30, 2021, 2020 and 2019, respectively, the Station had \$61,000, \$68,000 and \$76,000 invested in capital assets, and is shown net of accumulated depreciation of \$145,000, \$138,000 and \$130,000. During the year ending June 30, 2021 and 2020, the Station had no purchases or disposals. Depreciation charges for each of the three years totaled \$7,000, \$8,000 and \$7,000, respectively. Details of these assets, net of accumulated depreciation, are as follows, in thousands:

	2021	2020	2021-2020 Change	2019	2020-2019 Change
Buildings	\$ 32	\$ 34	\$ (2)	\$ 36	\$ (2)
Furniture and Equipment	29	34	(5)	40	(6)
Totals	\$ 61	\$ 68	\$ (7)	\$ 76	\$ (8)

Debt

The Station had no debt for the years ending June 30, 2021, 2020 and 2019.

Management's Discussion and Analysis - Continued
WUCX-FM
Delta College
Year Ended June 30, 2021

Economic Factors That Will Affect the Future of WUCX-FM

The federal funding for America's Public Broadcasting System (PBS) and National Public Radio (NPR) services are secured two years in advance by the CPB and is the greatest economic factor affecting the future health of Delta College Public Television and Public Radio.

CPB is a private 501(c)(3) nonprofit corporation that was created by Congress in 1967 and is forward-funded through federal appropriation. CPB matches locally raised nonfederal funds by stations and is a vital source of funding to the nation's public radio and TV stations. The resources provided through advanced federal funding enables local public broadcasting stations to leverage the promise of federal funds to raise additional state, local and private funds.

Through its Joint Operating Agreement with CMU, WUCX-FM is allocated a share of programming expenses, which is offset by its share of annual CPB grant funding received directly by CMU's public radio station, WCMU-FM. This audit helps to determine the Station's NFFS received in direct support of Delta College's radio operation. WUCX-FM's computed NFFS is combined with that of WCMU-FM, and is the primary basis on which CPB computes the Community Service Grant awarded to WCMU-FM and hence, in part, Delta College's WUCX-FM.

The ongoing global pandemic and growing political division in America has accelerated the need for public media organizations to provide access to accurate and trusted news and information. Delta College Public Media must also modernize its operations, create new and innovative partnerships with our peer public media organizations and find new and innovative avenues to digitally deliver our radio programming.

Over the past year, the college's public television and public radio stations have rebranded their name and services as **Delta College Public Media** to better align our brand to our community service mission, to emphasize the mutually beneficial relationship the stations have with Delta College and with the local communities we serve.

The College's broadcasting facility and academic classroom area are currently undergoing a renovation to enhance its operations and expand the Stations' partnership with the **Electronic Media** and **Journalism** academic disciplines. The renovation features a complete redesign of the radio station facility and provides a working environment for Delta College journalism students and Delta College Public Radio staff. The project will renovate approximately 11,300 square feet in the Lower Courtyard Level of campus. Of the current \$2.6 million project, half has been provided through a capital outlay project approval, funded by the state of Michigan.

Radio station operational expenses are expected to increase over the next few years as the Station acquires and produces additional content and transitions from a traditional part-time over-the-air broadcast program schedule to an internet streaming program schedule, with additional hours each day. The anticipated additional costs needed to meet any new expense requirements will require the Station to make corresponding revenue enhancement and budget adjustments.

Other economic factors that will greatly affect WUCX-FM in the future include the need to invest significant resources into its tower and transmitter infrastructure operation. The existing WUCX-FM transmitter is nearing end-of-life and is scheduled to be updated and relocated to the Delta College Public Media tower in Gilford Township through a joint agreement with Central Michigan University to equally share in the relocation expense.

Report of Independent Auditors

Board of Trustees
WUCX – FM
Delta College
University Center, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of WUCX – FM (the Station) as of and for the years ended June 30, 2021 and 2020, and the related notes to the 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.

Auditors’ 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WUCX – FM as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9 and the Required Supplementary Information on pages 23 and 24 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audits of the 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses detail is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
October 18, 2021

Balance Sheets
WUCX-FM
Delta College

	June 30,	
	2021	2020
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 272,492	\$ 157,132
Total Current Assets	272,492	157,132
Long-Term Investments (Note 2)	157,548	121,786
Capital Assets, Net (Note 3)	60,939	68,379
Total Assets	490,979	347,297
Deferred Outflows of Resources (Note 5)	125,298	145,008
Liabilities		
Current Liabilities		
Accounts payable	38,260	12,769
Accrued payroll and other compensation	19,192	22,721
Total Current Liabilities	57,452	35,490
Non-Current Liabilities		
Net pension and OPEB liability (Note 5)	535,052	542,130
Total Liabilities	592,504	577,620
Deferred Inflows of Resources (Note 5)	102,405	72,762
Net Position		
Net investment in capital assets	60,939	68,379
Restricted for nonexpendable endowments	62,830	45,501
Unrestricted (Note 4)	(202,401)	(271,957)
Total Net Position	\$ (78,632)	\$ (158,077)

The accompanying notes are an integral part of these statements.

Statements of Revenue, Expenses and Changes in Net Position
WUCX-FM
Delta College

	Year Ended June 30,	
	2021	2020
Revenue		
Operating revenue		
Membership gifts and grants	\$ 160,652	\$ 128,433
Other gifts and grants	-	28,000
Program underwriting revenue	42,929	36,466
General appropriations from Delta College	199,700	139,433
Donated facilities and administrative support from Delta College	69,066	61,411
Total Operating Revenue	472,347	393,743
Expenses		
Operating expenses		
Programming and production	233,124	171,143
Broadcasting	67,640	82,180
Fundraising and membership development	47,007	72,774
Management and general	77,944	33,903
Depreciation expense	7,440	7,367
Total Operating Expenses	433,155	367,367
Operating Income	39,192	26,376
Nonoperating Revenue		
Investment income, net of investment expense of \$2,026 in 2021 and \$1,545 in 2020	35,253	9,941
Total Nonoperating Revenue	35,253	9,941
Net Income Before Other Revenue	74,445	36,317
Other Revenue		
Additions to permanent endowments	5,000	23,854
Total Other Revenue	5,000	23,854
Net Increase in Net Position	79,445	60,171
Net Position - Beginning of Year	(158,077)	(218,248)
Net Position - End of Year	\$ (78,632)	\$ (158,077)

The accompanying notes are an integral part of these statements.

Statements of Cash Flows
WUCX-FM
Delta College

	Year Ended June 30,	
	2021	2020
Cash Flows from Operating Activities		
Membership gifts and grants	\$ 160,652	\$ 128,433
Other gifts and grants	-	28,000
Program underwriting revenue	42,929	36,466
General appropriations from Delta College	199,700	139,433
Payments to suppliers	(164,863)	(133,408)
Payments to employees	(127,549)	(121,104)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	110,869	77,820
Cash Flows from Noncapital Financing Activities		
Gifts and contributions for other than capital purposes	5,000	23,854
	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	5,000	23,854
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	49,315	59,712
Investment income	1,082	1,970
Purchases of investments	(50,906)	(81,371)
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(509)	(19,689)
Net Increase in Cash and Cash Equivalents	115,360	81,985
Cash and Cash Equivalents - Beginning of year	157,132	75,147
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Cash and Cash Equivalents - End of year	\$ 272,492	\$ 157,132
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The accompanying notes are an integral part of these statements.

Statements of Cash Flows - Continued
WUCX-FM
Delta College

	Year Ended June 30,	
	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 39,192	\$ 26,376
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,440	7,367
Decrease in deferred outflows of resources	19,710	2,030
Increase (Decrease) in liabilities:		
Accounts payable	25,491	12,766
Accrued payroll and other compensation	(3,529)	7,303
Net pension and OPEB liability	(7,078)	20,331
Increase in deferred inflows of resources	29,643	1,647
	<u>110,869</u>	<u>77,820</u>
Net Cash Provided by Operating Activities	\$ 110,869	\$ 77,820

The accompanying notes are an integral part of these statements.

Notes to Financial Statements
WUCX-FM
Delta College
June 30, 2021

Note 1. Significant Accounting Policies

Reporting Entity

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

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

Accrual Basis

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

Cash and Cash Equivalents

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

Investments

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

Capital Assets

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

Compensated Absences

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

Pensions and OPEB (Postemployment Benefits Other Than Pensions)

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

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 1. Significant Accounting Policies – Continued

Revenue Recognition

Restricted grant revenue is recognized only to the extent expended.

Gifts and Pledges

Gifts are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with the GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded at their discounted present value, net of allowance for uncollectible pledges. The Station has no pledges receivable recorded at June 30, 2021 or June 30, 2020.

Donated Facilities and Administrative Support

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

Operating Activities

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

Use of Estimates

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

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 2. Cash and Cash Equivalents and Investments

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

	2021	2020
Cash and cash equivalents	\$ 272,492	\$ 157,132
Long-term investments	157,548	121,786
Total	<u>\$ 430,040</u>	<u>\$ 278,918</u>

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

	2021	2020
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 272,492	\$ 157,132
Investments in securities and similar vehicles	157,548	121,786
Total	<u>\$ 430,040</u>	<u>\$ 278,918</u>

Cash and Cash Equivalents

Delta College invests and manages cash collectively by pooling cash reserves, including cash of the Station. It is not practical to determine the amount reflected in the accounts of the banks (without recognition of checks written but not cleared, or of deposits in transit) or the amount of federal depository insurance that is applicable to the Station's portion of the pooled deposits as of June 30, 2021 or 2020. A portion of the Station's cash is deposited in interest-bearing accounts.

Investments

The Station has received certain contributions that have been designated for use as quasi-endowments. During the years ended June 30, 2021 and June 30, 2020, the Station also received contributions restricted for a permanent endowment. Such assets are pooled with and held within the Delta College Endowment Fund, and are invested in brokerage account cash and money funds, U.S. Treasury bills, notes and bonds, debt and equity securities and alternative investment funds. The Station's investments are stated at fair value based upon market quotations. At June 30, 2021 and 2020, respectively, the fair value of the Station's investments is \$157,548 and \$121,786. Information as to amounts by investment type, associated risks and fair value measurements is included in the notes to the financial statements for Delta College.

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 3. Capital Assets

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

Year Ended June 30, 2021:

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

Year Ended June 30, 2020:

	Estimated Useful Life	Beginning Balance	Additions/ Depreciation	Deletions	Ending Balance
Capital Assets:					
Buildings	40 years	\$ 80,531	\$ -	\$ -	\$ 80,531
Furniture and equipment	5-20 years	125,341	-	-	125,341
Total Capital Assets		205,872	-	-	205,872
Less Accumulated Depreciation:					
Buildings		44,954	1,547	-	46,501
Furniture and equipment		85,172	5,820	-	90,992
Total Accumulated Depreciation		130,126	\$ 7,367	\$ -	137,493
Capital Assets, Net		\$ 75,746			\$ 68,379

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 4. Unrestricted Net Position

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

	2021	2020
Designated for funds functioning as endowments	\$ 94,719	\$ 76,285
Unrestricted – MPSERS Pension Liability	(410,788)	(362,227)
Unrestricted – MPSERS OPEB Liability	(101,371)	(107,657)
Unrestricted and unallocated	215,039	121,642
	<hr/>	<hr/>
Total Unrestricted Net Position	\$ (202,401)	\$ (271,957)

Note 5. Retirement Plans

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

MPSERS Defined Benefit Plan

At June 30, 2021 and 2020, respectively, the Station reported a liability of \$465,125 and \$447,271 for its share of the College’s proportionate share of the net pension liability of MPSERS. At June 30, 2021 and 2020, respectively, the Station also reported a liability of \$69,927 and \$94,859 for its share of the College’s proportionate share of the net OPEB liability of MPSERS, for a total net pension and OPEB liability of \$535,052 as of June 30, 2021 and \$542,130 as of June 30, 2020. The net pension and OPEB liability at June 30, 2021 was measured as of September 30, 2020, and the total pension and OPEB liability used to calculate the net pension and OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2019. The College’s proportion of the net pension and OPEB liability was based on a projection of its long-term share of contributions to the pension and OPEB plans relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020, the College’s pension proportion was .33565%, a decrease of .02128% from its proportion measured as of September 30, 2019, which was .35693%. At September 30, 2020, the College’s OPEB proportion was .32357%, a decrease of .02569% from its proportion measured as of September 20, 2019, which was .34926%. The Station’s calculated share of the net pension and OPEB liability was based on its proportionate share of the College’s covered employee payroll, as measured by the Station’s MPSERS contributions.

For the years ended June 30, 2021 and 2020, respectively, the Station recognized MPSERS retirement expense of \$135,758 and \$87,600. For the two respective years, the Station reported deferred outflows of resources of \$94,269 and \$117,618 and deferred inflows of resources of \$39,932 and \$32,574 related to the MPSERS pension and deferred outflows of resources of \$31,029 and \$27,390 and deferred inflows of resources of \$62,473 and \$40,188 related to the MPSERS OPEB.

The Station reported deferred outflows of resources related to pension contributions subsequent to the measurement date of \$33,339 and \$26,946, respectively, as of June 30, 2021 and 2020, that will be recognized as a reduction of the net pension liability in the Station’s respective subsequent fiscal year. The Station also reported deferred inflows of resources related to pension rate stabilization appropriations received subsequent to the measurement date of \$16,957 and \$11,355, respectively as of June 30, 2021 and 2020, that will be recognized as revenue in the respective subsequent fiscal year. The Station reported deferred outflows of resources related to OPEB contributions subsequent to the measurement date of \$7,249 and \$6,806, as of June 30, 2021 and 2020, respectively, that will be recognized as a reduction of the net OPEB liability in the Station’s respective subsequent fiscal year.

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 5. Retirement Plans – Continued

MPSERS Defined Benefit Plan – Continued

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

Recognized in Year Ending June 30,	Pension	OPEB
2022	\$ 20,538	\$ (9,993)
2023	12,693	(9,179)
2024	4,186	(7,917)
2025	538	(6,540)
2026	-	(5,064)
Total	<u>\$ 37,955</u>	<u>\$ (38,693)</u>

The discount rate used to measure the total pension liability for the years ending June 30, 2021 and 2020, was 6.80% for the Basic, MIP and Pension Plus Plans, and 6.00% for the Pension Plus 2 Plan for the September 30, 2020 and 2019 valuation years. The following presents the net pension liability of the Station, which was calculated using the aforementioned discount rates, as well as what the Station's net pension liability would be if it were calculated using a discount rate that is 1.0% point lower or 1.0% point higher than the current rates:

	Net Pension Liability at 1.0% Decrease	Net Pension Liability at Current Discount Rate	Net Pension Liability at 1.0% Increase
June 30, 2021	\$ 602,026	\$ 465,125	\$ 351,666
June 30, 2020	\$ 581,481	\$ 447,271	\$ 336,006

The discount rate and current healthcare cost rate used to measure the total OPEB liability for the years ending June 30, 2021 and 2020 was 6.95% for the September 30, 2020 and 2019 valuation years. The following presents the net OPEB liability of the Station, which was calculated using the aforementioned rate, as well as what the Station's net OPEB liability would be if it were calculated using a discount and healthcare cost rate that is 1.0% point lower or 1.0% point higher than the current rate:

	Net OPEB Liability at 1.0% Decrease	Net OPEB Liability at Current Rate	Net OPEB Liability at 1.0% Increase
Discount Rate June 30, 2021	\$ 89,831	\$ 69,927	\$ 53,172
Current Healthcare Cost Rate June 30, 2021	\$ 52,531	\$ 69,927	\$ 89,717
Discount Rate June 30, 2020	\$ 116,360	\$ 94,859	\$ 76,806
Current Healthcare Cost Rate June 30, 2020	\$ 76,040	\$ 94,859	\$ 116,357

ORP Defined Contribution Plan

The Station had no ORP covered payroll for the years ended June 30, 2021 and June 30, 2020.

Additional Information

For additional information concerning the Station's retirement plans, refer to Delta College's June 30, 2021 audited financial statements.

Notes to Financial Statements - Continued
WUCX-FM
Delta College
June 30, 2021

Note 6. Community Service Grants

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

Year of Grant	Grants Received	Expended 2021	Expended 2020	Expended 2019	Uncommitted Balance at June 30
2021	\$23,975	\$23,975			\$ -
2020	21,971		\$21,971		-
2019	22,292			\$22,292	-

Note 7. NonFederal Financial Support (NFFS)

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

Calculated in accordance with CPB guidelines, the Station reported total NFFS of \$444,183 and \$401,215 for the years ended June 30, 2021 and 2020, respectively.

Note 8. Indirect Administrative Support

Indirect support from Delta College consists of allocations of the College’s institutional support and facility operation costs that benefit the Station. It is calculated based upon the ratio of the Station’s operating costs to the College’s total institutional support and facility operation costs. The fair value of this support is recognized as operating revenue in the Statements of Revenue, Expenses and Changes in Net Position under donated facilities and administrative support from Delta College and also in operating expenses. The value of this support included in the Statements of Revenue, Expenses and Changes in Net Position was approximately \$69,000 and \$61,000, respectively, for the years ended June 30, 2021 and 2020.

Note 9. Risk and Uncertainties

The current Coronavirus pandemic has had an economic impact on the United States and international community. While the Station has not experienced a material adverse impact as of the date of these financial statements, the long-term impact cannot be determined.

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability and Contributions for Michigan Public School
Employees' Retirement System (MPERS), and Notes to Required Supplementary Information
WUCX-FM
Delta College
June 30, 2021

	2020	2019	2018	September 30, 2017	2016	2015	2014
<u>Schedule of Proportionate Share of Net Pension Liability</u>							
WUCX-FM's proportion of the net pension liability:							
As a percentage	0.00135%	0.00135%	0.00137%	0.00138%	0.00128%	0.00125%	0.00114%
Amount	\$ 465,125	\$ 447,271	\$ 412,593	\$ 358,064	\$ 318,609	\$ 305,394	\$ 251,699
WUCX-FM's covered payroll	\$ 116,434	\$ 115,948	\$ 117,322	\$ 116,159	\$ 106,778	\$ 106,470	\$ 94,385
WUCX-FM's proportionate share of the net pension liability, as a percentage of the Station's covered payroll	399.5%	385.8%	351.7%	308.3%	298.4%	286.8%	266.7%
MPERS fiduciary net position, as a percentage of the total non-university net pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

	2021	2020	2019	June 30, 2018	2017	2016	2015
<u>Schedule of Contributions for MPERS</u>							
WUCX-FM's statutorily required contributions	\$ 38,761	\$ 34,995	\$ 36,056	\$ 38,046	\$ 30,370	\$ 29,503	\$ 20,001
WUCX-FM's contributions in relation to statutorily required contribution	<u>38,761</u>	<u>34,995</u>	<u>36,056</u>	<u>38,046</u>	<u>30,370</u>	<u>29,503</u>	<u>20,001</u>
WUCX-FM's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WUCX-FM's covered payroll	\$ 113,860	\$ 111,048	\$ 117,077	\$ 118,236	\$ 110,438	\$ 105,485	\$ 92,513
WUCX-FM's contributions as a percentage of covered payroll	34.0%	31.5%	30.8%	32.2%	27.5%	28.0%	21.6%

Notes to Required Supplementary Information

Changes of benefit terms:

There were no changes of benefit terms from September 30, 2014 through September 30, 2020.

Changes of assumptions:

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

Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability and Contributions for Michigan Public School
Employees' Retirement System (MPSERS), and Notes to Required Supplementary Information
WUCX-FM
Delta College
June 30, 2021

	2020	September 30, 2019	2018	2017
<u>Schedule of Proportionate Share of Net OPEB Liability</u>				
WUCX-FM's proportion of the net OPEB liability:				
As a percentage	0.00131%	0.00132%	0.00137%	0.00139%
Amount	\$ 69,927	\$ 94,859	\$ 109,206	\$ 122,778
WUCX-FM's covered payroll	\$ 116,434	\$ 115,948	\$ 117,322	\$ 116,159
WUCX-FM's proportionate share of the net OPEB liability, as a percentage of the Station's covered payroll	60.1%	81.8%	93.1%	105.7%
MPSERS fiduciary net position, as a percentage of the total non-university net OPEB liability	59.44%	48.46%	42.95%	36.39%

	2021	June 30, 2020	2019	2018
<u>Schedule of Contributions for MPSERS</u>				
WUCX-FM's statutorily required contributions	\$ 9,196	\$ 8,749	\$ 9,090	\$ 8,529
WUCX-FM's contributions in relation to statutorily required contribution	<u>9,196</u>	<u>8,749</u>	<u>9,090</u>	<u>8,529</u>
WUCX-FM's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
WUCX-FM's covered payroll	\$ 113,860	\$ 111,048	\$ 117,077	\$ 118,236
WUCX-FM's contributions as a percentage of covered payroll	8.1%	7.9%	7.8%	7.2%

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms from September 30, 2017 to September 30, 2020.

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

Supplemental Schedule of Functional Expenses Detail
WUCX-FM
Delta College

Year Ended June 30, 2021

	Program Services		Supporting Services			Total
	Programming and Production	Broadcasting	Fundraising and Membership Development	Management and General	Depreciation Expense	
Salaries and wages	\$ 74,196	\$ 13,449	\$ 5,267	\$ 31,904	\$ -	\$ 124,816
Employee benefits	88,590	11,930	14,163	28,298	-	142,981
Program production and acquisition costs	29,785	31,083	-	-	-	60,868
Professional service fees	-	-	-	2,400	-	2,400
Meetings, travel and conference expenses	487	109	14	259	-	869
Supplies and miscellaneous expenses	2,245	95	19,937	2,438	-	24,715
Depreciation expense	-	-	-	-	7,440	7,440
Indirect College support	37,821	10,974	7,626	12,645	-	69,066
Total	<u>\$ 233,124</u>	<u>\$ 67,640</u>	<u>\$ 47,007</u>	<u>\$ 77,944</u>	<u>\$ 7,440</u>	<u>\$ 433,155</u>