

**Grand Valley State University  
WGVU Public Media**

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**Financial Report  
with Supplementary Information  
June 30, 2018**

# Grand Valley State University

## WGVU Public Media

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### Contents

<b>Independent Auditor's Report</b>	1-2
<b>Administrative Officers</b>	3
<b>Management's Discussion and Analysis</b>	4-8
<b>Financial Statements</b>	
Statement of Net Position	9
Statement of Revenue, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-26
<b>Required Supplementary Information</b>	27
Schedule of Net Pension Liability and Related Ratios	28
Schedule of OPEB Liability and Related Ratios	29
<b>Other Supplementary Information</b>	30
Combined Statement of Net Position	31
Combined Statement of Revenue, Expenses, and Changes in Net Position	32

## Independent Auditor's Report

To the Board of Trustees  
Grand Valley State University WGVU Public Media

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Grand Valley State University WGVU Public Media (the "Network"), a department of Grand Valley State University, as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise Grand Valley State University WGVU Public Media's basic financial statements, as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University WGVU Public Media as of June 30, 2018 and 2017 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 1 to the financial statements, effective July 1, 2018, the Network adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
Grand Valley State University WGVU Public Media

We draw attention to Note 1, which explains that these financial statements of Grand Valley State University WGVU Public Media are intended to present the financial position, changes in financial position, and changes in cash flows of only that portion of Grand Valley State University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Grand Valley State University as of June 30, 2018 and 2017, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of net pension liability and related ratios, and schedule of OPEB liability and related ratios, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Grand Valley State University WGVU Public Media's basic financial statements. The other supplementary 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.

The other supplementary information, as identified in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

January 4, 2019

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# Grand Valley State University

## WGVU Public Media

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### Management's Discussion and Analysis - Unaudited

#### Fiscal Year Ended June 30, 2018

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of Grand Valley State University WGVU Public Media (the "Network"), which is owned and operated by Grand Valley State University (the "University"). The report consists of three basic financial statements that provide information on the Network: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 9 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide readers with an overview of the financial statements.

Effective for the year ended June 30, 2018, the Network adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Statement No. 75 requires the Network to recognize on the face of the financial statements its full net postemployment benefits other than pensions (OPEB) liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Network recorded an OPEB liability of \$350,205, which was offset by a liability of \$148,751 recognized in prior years, as well as an increase in deferred outflows of \$3,986 and deferred inflows of \$2,009 resulting in decrease of \$199,477.

#### The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position, the difference between assets and liabilities, is one way to measure the financial activities of the Network.

# Grand Valley State University

## WGVU Public Media

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

	2018	2017	2016
<b>Assets</b>			
Current assets:			
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 2,959,907	\$ 1,910,248	\$ 1,937,954
Accounts receivable	108,174	128,848	103,395
Inventory and prepaid expenses	58,550	59,789	48,307
Current portion - Program rights	<u>577,327</u>	<u>563,704</u>	<u>559,070</u>
Total current assets	3,703,958	2,662,589	2,648,726
Noncurrent assets:			
Investments held in Grand Valley State University endowment funds	521,721	499,323	403,876
Long-term portion - Program rights	288,086	285,376	289,979
Capital assets - Net of depreciation	<u>3,245,770</u>	<u>3,634,252</u>	<u>4,147,992</u>
Total noncurrent assets	<u>4,055,577</u>	<u>4,418,951</u>	<u>4,841,847</u>
Total assets	7,759,535	7,081,540	7,490,573
<b>Deferred Outflow of Resources - Retirement benefit related deferrals</b>			
	225,622	292,433	292,190
<b>Liabilities</b>			
Current liabilities:			
Advances from Grand Valley State University pooled asset funds	805,973	849,566	1,076,341
Unearned operating revenue	1,476,303	1,214,740	1,275,434
Other current liabilities	<u>377,391</u>	<u>312,098</u>	<u>333,224</u>
Total current liabilities	2,659,667	2,376,404	2,684,999
Noncurrent liabilities:			
Net other postemployment benefits	349,385	148,751	140,436
Net pension liability	<u>397,537</u>	<u>433,797</u>	<u>433,265</u>
Total noncurrent liabilities	<u>746,922</u>	<u>582,548</u>	<u>573,701</u>
Total liabilities	3,406,589	2,958,952	3,258,700
<b>Deferred Inflow of Resources - Retirement benefit related deferrals</b>			
	<u>151,857</u>	<u>146,359</u>	<u>146,392</u>
<b>Net Position</b>			
Net investment in capital assets	3,245,770	3,634,252	4,147,992
Restricted - Nonexpendable	405,291	404,197	348,450
Restricted - Expendable	128,627	103,527	164,298
Restricted - Expendable programming	838,544	120,862	-
Unrestricted net position (deficit)	<u>(191,521)</u>	<u>5,824</u>	<u>(283,069)</u>
Total net position	<u>\$ 4,426,711</u>	<u>\$ 4,268,662</u>	<u>\$ 4,377,671</u>

# Grand Valley State University

## WGVU Public Media

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

Current assets include the cash held in the University's pooled asset funds for restricted or operating purposes, assets held for equipment replacement, accounts receivable, inventory, prepaid expenses, and the current portion of purchased program rights. Further detail about the sources and uses of cash is reflected in the statement of cash flows. Balances of the remaining current assets climbed slightly over the three year period mostly due to timing of receipts of customer payments and purchases of inventory by the Network.

Noncurrent assets include the endowed investments in the University's pooled endowment fund, the noncurrent portion of purchased program rights, and capital assets net of depreciation. The endowed investments increased over the three year period by \$117,845 due to new gifts and rebounding financial markets. The balance of program rights remained steady during the three year period. The decrease in net capital assets of approximately \$902,250 is chiefly due to depreciation expense of approximately \$990,500 and capital additions of \$88,250 since June 30, 2016.

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred outflows now include activity related to other postemployment benefits, with the addition of \$3,633 from the implementation of GASB Statement No. 75 in addition to the activity related to net pension liability under GASB Statement No. 68. From 2017 to 2018, deferred outflows decreased by \$65,750 mostly attributable to the amortization of changes in investment rate assumptions for the pension plans. More detailed information regarding the defined benefit pension plan and postemployment benefit plan is presented in the notes to the financial statements and required supplemental information.

Current liabilities include advances from the University's pooled asset funds, unearned operating revenue, accounts payable, and accrued payroll liabilities. Unearned operating revenue increased by \$261,563 from 2017 to 2018 due to a receipt of a new foundation grant, after remaining steady from 2016 to 2017. Other current liabilities increased from 2017 to 2018 by \$65,293 due to timing of accounts payable invoices and payroll related liabilities, after a decrease of \$21,126 from 2016 to 2017.

Noncurrent liabilities include net other postemployment benefits and net pension liability. From 2017 to 2018, the net postemployment benefits liability increased by \$200,634 under GASB Statement No. 75. Further detail regarding these liabilities can be found in the notes to the financial statements and required supplemental information.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows also include activity related to postemployment benefits. Under GASB Statement No. 75, deferred inflows increased by \$1,825 and deferred inflows related to changes in pension plan assumptions increased by \$3,633 at June 30, 2018. Changes in assumptions for OPEB and pension plans are amortized over approximately 10 years. More detailed information regarding the defined benefit pension and postemployment benefit plans are presented in the notes to the financial statements and required supplemental information.

# Grand Valley State University

## WGVU Public Media

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

Net position increased by \$49,040 over the three-year period, mainly as a result of generous donor and member support to endowment funds, programming, and planned gifts. These increases in restricted and unrestricted net position offset the decrease of approximately \$902,250 in net investment of capital assets and the \$199,477 reduction in unrestricted net position from the implementation of GASB Statement No. 75.

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

The statement of revenue, expenses, and changes in net position presents the operating results of the Network, as well as nonoperating activity.

	2018	2017	2016
<b>Operating Revenue</b>			
Operating grant from Grand Valley State University	\$ 1,102,617	\$ 1,087,477	\$ 1,090,747
Contributions, subscriptions, and memberships	3,105,974	2,556,905	2,479,381
Grants from the Corporation for Public Broadcasting	1,163,747	1,208,942	1,229,292
Other grants and contracts	237,884	192,595	204,935
Donated facilities, administrative support, and in-kind contributions	1,382,288	1,730,351	1,319,202
Underwriting revenue	981,081	791,349	863,093
Production and use of facilities	432,326	470,864	392,699
Miscellaneous revenue	76,387	65,928	71,976
<b>Total operating revenue</b>	<b>8,482,304</b>	<b>8,104,411</b>	<b>7,651,325</b>
<b>Operating Expenses</b>			
Program services	3,286,596	2,987,179	3,144,912
Support services	4,555,924	4,912,908	4,673,568
Depreciation expense	450,141	540,329	586,620
<b>Total operating expenses</b>	<b>8,292,661</b>	<b>8,440,416</b>	<b>8,405,100</b>
<b>Operating Loss</b>	<b>189,643</b>	<b>(336,005)</b>	<b>(753,775)</b>
<b>Nonoperating Revenue (Expense)</b>			
Fundraising income	125,329	111,725	109,295
Investment income (loss)	41,460	59,523	(12,050)
<b>Total nonoperating revenue</b>	<b>166,789</b>	<b>171,248</b>	<b>97,245</b>
<b>Income (Loss) - Before other revenue</b>	<b>356,432</b>	<b>(164,757)</b>	<b>(656,530)</b>
<b>Other Revenue</b>	<b>1,094</b>	<b>55,748</b>	<b>56,319</b>
<b>Increase (Decrease) in Net Position</b>	<b>357,526</b>	<b>(109,009)</b>	<b>(600,211)</b>
<b>Net Position - Beginning of year</b>	<b>4,268,662</b>	<b>4,377,671</b>	<b>4,977,882</b>
<b>Adjustment for Change in Accounting Principle</b>	<b>(199,477)</b>	<b>-</b>	<b>-</b>
<b>Net Position - End of year</b>	<b>\$ 4,426,711</b>	<b>\$ 4,268,662</b>	<b>\$ 4,377,671</b>

# Grand Valley State University

## WGVU Public Media

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

Operating revenue has increased by approximately \$831,000 over the three-year period. The most significant changes in revenue were increases of approximately \$626,600 in contributions, subscriptions, and memberships and approximately \$118,000 in underwriting revenue. Operating expenses did not change significantly over the three-year period. The Network's salaries, wages, and benefits expense represents the largest operating expense category; personnel expense increased by approximately \$242,000 over the three-year period and totaled approximately \$3.6 million for the year ended June 30, 2018.

Nonoperating revenue includes fundraising income and investment income (loss) allocated to endowed investments. Fund-raising income increased by approximately \$13,600 from 2017 to 2018, after increasing by \$2,430 from 2016 to 2017 due to the addition of a fundraising brunch in support of WGVU's NPR station. Investment income rebounded in 2017 and 2018 from a loss in 2016 due to strong financial markets.

#### The Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. Cash consists of the Network's share of the University pooled asset funds and assets held for equipment replacement, whereas advances received by the Network from the University's pooled asset funds are recorded as a current liability. The primary cash receipts consist of operating grants and contracts, contributions, subscriptions, and memberships. Cash outlays largely include payment of wages, benefits, and supplies.

Cash provided from operating activities increased by approximately \$1,043,800 from 2016 to 2018, due to receipts from new grants and planned gifts. As a result, total cash increased by \$1,021,953 from 2016 to 2018.

	2018	2017	2016
<b>Net Cash Provided by (Used In)</b>			
Operating activities	\$ 1,019,694	\$ 83,842	\$ (24,129)
Noncapital financing activities	81,736	(115,050)	182,769
Capital and related financing activities	(71,926)	(16,322)	(120,815)
Investing activities	20,155	19,824	17,017
<b>Net Increase (Decrease) in Cash</b>	1,049,659	(27,706)	54,842
<b>Cash - Beginning of year</b>	1,910,248	1,937,954	1,883,112
<b>Cash - End of year</b>	<b>\$ 2,959,907</b>	<b>\$ 1,910,248</b>	<b>\$ 1,937,954</b>

#### Economic Factors That Will Affect the Future

While University funding has decreased for 2018, funding from the Corporation for Public Broadcasting has been approved by the House and the Senate at the full funding request levels. Membership revenues continue to grow stronger as we continue to see an increase in sustaining memberships. The full impact of changes to the tax code has yet to be seen. There has been a steady increase in the maturity of planned gifts to WGVU over the past three years and this has been a focus of continued marketing efforts to our station members. WGVU also continues to see increases in grant support from the community.

# Grand Valley State University

## WGVU Public Media

### Statement of Net Position

	June 30, 2018	June 30, 2017
<b>Assets</b>		
Current assets:		
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 769,096	\$ 715,949
Cash held in Grand Valley State University pooled asset funds for restricted purposes	2,190,811	1,194,299
Accounts receivable	108,174	128,848
Inventory	4,573	4,018
Prepaid expenses	53,977	55,771
Purchased program rights - Current portion	<u>577,327</u>	<u>563,704</u>
Total current assets	3,703,958	2,662,589
Noncurrent assets:		
Investments held in Grand Valley State University endowment funds	521,721	499,323
Purchased program rights - Long-term portion	288,086	285,376
Capital assets - Net (Note 2)	<u>3,245,770</u>	<u>3,634,252</u>
Total noncurrent assets	<u>4,055,577</u>	<u>4,418,951</u>
Total assets	7,759,535	7,081,540
<b>Deferred Outflow of Resources</b> - Retirement benefit related deferrals	225,622	292,433
<b>Liabilities</b>		
Current liabilities:		
Advances from Grand Valley State University pooled asset funds	805,973	849,566
Unearned operating revenue	1,476,303	1,214,740
Accounts payable	109,169	70,611
Accrued payroll	103,500	99,712
Other postemployment benefits - Current portion (Note 4)	14,079	-
Accrued compensated absences	<u>150,643</u>	<u>141,775</u>
Total current liabilities	2,659,667	2,376,404
Noncurrent liabilities:		
Other postemployment benefits - Long-term portion (Note 4)	349,385	148,751
Net pension liability (Note 3)	<u>397,537</u>	<u>433,797</u>
Total noncurrent liabilities	<u>746,922</u>	<u>582,548</u>
Total liabilities	3,406,589	2,958,952
<b>Deferred Inflow of Resources</b> - Retirement benefit related deferrals	<u>151,857</u>	<u>146,359</u>
<b>Net Position</b>		
Net investment in capital assets	3,245,770	3,634,252
Restricted - Nonexpendable	405,291	404,197
Restricted - Expendable	128,627	103,527
Restricted - Expendable programming	838,544	120,862
Unrestricted net position (deficit)	<u>(191,521)</u>	<u>5,824</u>
Total net position	<u>\$ 4,426,711</u>	<u>\$ 4,268,662</u>

# Grand Valley State University

## WGVU Public Media

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

	Year Ended June 30	
	2018	2017
<b>Operating Revenue</b>		
Operating grant from Grand Valley State University	\$ 1,102,617	\$ 1,087,477
Contributions, subscriptions, and memberships	3,105,974	2,556,905
Community service grant from the Corporation for Public Broadcasting	1,163,747	1,208,942
Government grants and contracts	31	18,617
Nongovernment grants and contracts	237,853	173,978
Donated facilities and administrative support from Grand Valley State University	1,207,814	1,544,704
In-kind contributions	174,474	185,647
Underwriting revenue	981,081	791,349
Production and use of facilities	432,326	470,864
Miscellaneous revenue	76,387	65,928
<b>Total operating revenue</b>	<b>8,482,304</b>	<b>8,104,411</b>
<b>Operating Expenses</b>		
Program services:		
Programming and production	2,352,140	2,048,042
Broadcasting	344,281	431,046
Program information and promotion	590,175	508,091
Support services:		
Management and general	3,022,958	3,378,656
Fundraising, membership development, and auction	1,532,966	1,534,252
Depreciation expense	450,141	540,329
<b>Total operating expenses</b>	<b>8,292,661</b>	<b>8,440,416</b>
<b>Operating Income (Loss)</b>	<b>189,643</b>	<b>(336,005)</b>
<b>Nonoperating Revenue (Expense)</b>		
Fundraising income	125,329	111,725
Investment income	41,460	59,523
<b>Total nonoperating revenue</b>	<b>166,789</b>	<b>171,248</b>
<b>Income (Loss) - Before other revenue</b>	<b>356,432</b>	<b>(164,757)</b>
<b>Other Revenue</b>		
Additions to permanent endowment	1,094	55,748
<b>Total other</b>	<b>1,094</b>	<b>55,748</b>
<b>Increase (Decrease) in Net Position</b>	<b>357,526</b>	<b>(109,009)</b>
<b>Net Position - Beginning of year</b>	<b>4,268,662</b>	<b>4,377,671</b>
Adjustment for change in accounting principle (Note 1)	(199,477)	-
<b>Net Position - End of year</b>	<b>\$ 4,426,711</b>	<b>\$ 4,268,662</b>

# Grand Valley State University

## WGVU Public Media

### Statement of Cash Flows

	Year Ended June 30	
	2018	2017
<b>Cash Flows from Operating Activities</b>		
Grants and contracts	\$ 2,788,686	\$ 2,371,703
Payments to suppliers	(2,853,417)	(2,825,998)
Payments to employees, including benefits	(3,509,143)	(3,378,072)
Underwriting revenue	978,881	822,512
Contributions, subscriptions, and memberships	3,105,974	2,556,905
Production and use of facilities	432,326	470,864
Miscellaneous revenue	76,387	65,928
Net cash provided by operating activities	1,019,694	83,842
<b>Cash Flows from Noncapital Financing Activities</b>		
Advances from Grand Valley State University pooled asset funds	(43,593)	(226,775)
Fundraising proceeds	125,329	111,725
Net cash provided by (used in) noncapital financing activities	81,736	(115,050)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of capital assets and construction	(71,926)	(16,322)
Net cash used in capital and related financing activities	(71,926)	(16,322)
<b>Cash Flows from Investing Activities</b>		
Private gifts for endowment purposes	1,094	55,748
Investment income	41,460	59,523
Investment in Grand Valley State University endowment pool	(22,399)	(95,447)
Net cash provided by investing activities	20,155	19,824
<b>Net Increase (Decrease) in Cash</b>	1,049,659	(27,706)
<b>Cash - Beginning of year</b>	1,910,248	1,937,954
<b>Cash - End of year</b>	<u>\$ 2,959,907</u>	<u>\$ 1,910,248</u>

# Grand Valley State University

## WGVU Public Media

### Statement of Cash Flows (Continued)

	Year Ended June 30	
	2018	2017
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 189,643	\$ (336,005)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	450,141	540,329
Amortization of program rights	836,577	825,652
Changes in assets and liabilities:		
Accounts receivable	20,674	(25,453)
Inventory	(555)	6,124
Other assets	1,794	(17,606)
Program rights	(852,910)	(825,683)
Accounts payable	48,825	(42,656)
Accrued payroll and compensated absences	12,656	11,263
Unearned operating revenue	261,564	(60,694)
Net other postemployment benefits and net pension liability and related deferrals	51,285	8,571
Net cash provided by operating activities	<u>\$ 1,019,694</u>	<u>\$ 83,842</u>
<b>Cash Consists of the Following Assets</b>		
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 769,096	\$ 715,949
Cash held in Grand Valley State University pooled asset funds for restricted purposes	<u>2,190,811</u>	<u>1,194,299</u>
Total cash	<u>\$ 2,959,907</u>	<u>\$ 1,910,248</u>

**Note 1 - Significant Accounting Policies**

**Organization** - Grand Valley State University WGVU Public Media (the "Network") is a public broadcasting television and radio network owned and operated by Grand Valley State University (the "University") and organized for the purpose of providing entertainment and informational programming to viewers in western Michigan. The Network does not have separate legal status or existence. The financial position and the revenue and expenses of the Network are included in the financial statements of Grand Valley State University.

The Network is comprised of the following stations: WGVU-DTV, WGVK-DTV, WGVU-FM, and WGVU-AM, which are under common management. No management fees are charged between the stations. The University also operates WGVS-FM and WGVS-AM, which are not reported as part of the Network.

**Basis of Presentation** - The Network follows all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Network follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the Network's financial activities.

**Cash Held in or Advances from University Pooled Asset Funds and Investments Held in University Endowment Funds** - The amounts reflected in the accompanying statement of net position represent the Network's equity in or liability to the University's pooled cash and investment system or pooled endowment funds. The Network shares equally in the earnings of the endowment portfolio. There are no investments held in the Network's name.

**Assets Held for Equipment Replacement** - The amount reflected in the accompanying statement of net position represents the net amount due to the Network from the University's pooled cash and investment system, which has been designated for repair and replacement of property and equipment.

**Revenue Recognition** - Pledges and contributions of financial support are received from corporations, foundations, and individuals and are recognized when the gift is received. Grants are recorded as support and revenue is recognized when all applicable financial reimbursement criteria have been met. Underwriting revenue is support for programs and events received from corporations and foundations and is recognized as the programs and events occur.

**Accounts Receivable** - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2018 and 2017, there was no allowance.

**Note 1 - Significant Accounting Policies (Continued)**

**Inventory** - Inventory consists primarily of goods held to be distributed at a later date in connection with donor campaigns. They are stated at either the lower of cost (first-in, first-out method) or market.

**Purchased Program Rights** - Purchased program rights are recorded when acquired and amortized on a straight-line basis over the life of the contract, which is up to four years. Total amortization expense for purchased program rights was \$836,577 and \$825,652 for the years ended June 30, 2018 and 2017, respectively.

**Property and Equipment** - Studio and other broadcast equipment is recorded at cost. The cost for contributed assets is recorded at fair market value at the date of receipt. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. Total depreciation expense was \$450,141 and \$540,329 for the years ended June 30, 2018 and 2017, respectively.

**Unearned Operating Revenue** - Unearned operating revenue represents grant funds received that will be recognized as revenue by the Network and are available for expenditure during the following year.

**Compensated Absences** - Compensated absence costs are accrued when earned by employees.

**Donated Facilities and Administrative Support** - Donated facilities and administrative support from the University are calculated based on a formula as established by the Corporation for Public Broadcasting (CPB) and are recorded in revenue and expense. The formula consists of allocated financial and general and administrative costs incurred by the University on behalf of the Network.

**Net Position** - Net position is classified according to external donor restrictions or availability of assets for satisfaction of Network obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Net position invested in property is net of related debt, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

**Functional Allocation of Expenses** - The costs of providing program and support services have been reported on a functional basis in the statement of revenue, expenses, and changes in net position. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**Note 1 - Significant Accounting Policies (Continued)**

**Operating Activities** - All revenue from programmatic sources is considered operating revenue. Revenues associated with, or restricted by donors to use for, capital improvements and revenue and expenses that result from financing and investing activities are recorded as nonoperating or other revenue.

**Pensions** - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the University's defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the Network to the plan. Benefit payments, including refunds of employee contributions, are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

**Postemployment Benefits Other Than Pensions** - For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the University's defined benefit plan was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the Network to the plan. Benefit payments, including refunds of employee contributions, are recognized as expense when due and payable in accordance with the benefit terms.

**Deferred Outflows of Resources** - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The deferred outflows of resources relate to the net pension liability and the net OPEB liability; see the notes to the financial statements for more information.

**Deferred Inflows of Resources** - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the net pension liability and the net OPEB liability; see the notes to the financial statements for more information.

**Adoption of New Standard** - For the year ended June 30, 2018, the Network adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Statement No. 75 requires the Network to recognize on the face of the financial statements its full net postemployment benefits other than pensions (OPEB) liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Network recorded an OPEB liability of \$350,205 which was offset by a \$148,751 liability recognized in prior years, as well as an increase in deferred outflows of \$3,986 and deferred inflows of \$2,009 resulting in decrease of \$199,477 to unrestricted net position.

**Grand Valley State University**  
**WGVU Public Media**

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

**Note 1 - Significant Accounting Policies (Continued)**

**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 reporting period. Actual results could differ from those estimates.

**Note 2 - Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets - Land	\$ 523,258	\$ -	\$ -	\$ 523,258
Depreciable capital assets:				
Buildings and towers	1,216,689	-	-	1,216,689
License	554,022	-	-	554,022
Equipment	<u>10,151,111</u>	<u>61,659</u>	<u>-</u>	<u>10,212,770</u>
Total cost of depreciable capital assets	<u>11,921,822</u>	<u>61,659</u>	<u>-</u>	<u>11,983,481</u>
Total cost of capital assets	12,445,080	<u>\$ 61,659</u>	<u>\$ -</u>	12,506,739
Less accumulated depreciation for:				
Buildings and towers	509,062	27,255	-	536,317
License	554,022	-	-	554,022
Equipment	<u>7,747,744</u>	<u>422,886</u>	<u>-</u>	<u>8,170,630</u>
Total accumulated depreciation	<u>8,810,828</u>	<u>\$ 450,141</u>	<u>\$ -</u>	<u>9,260,969</u>
Capital assets - Net	<u>\$ 3,634,252</u>			<u>\$ 3,245,770</u>

**Grand Valley State University**  
**WGVU Public Media**

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

**Note 2 - Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets - Land	\$ 523,258	\$ -	\$ -	\$ 523,258
Depreciable capital assets:				
Buildings and towers	1,216,689	-	-	1,216,689
License	554,022	-	-	554,022
Equipment	<u>10,226,023</u>	<u>26,588</u>	<u>101,500</u>	<u>10,151,111</u>
Total cost of depreciable capital assets	<u>11,996,734</u>	<u>26,588</u>	<u>101,500</u>	<u>11,921,822</u>
Total cost of capital assets	12,519,992	<u>\$ 26,588</u>	<u>\$ 101,500</u>	12,445,080
Less accumulated depreciation for:				
Buildings and towers	481,806	\$ 27,255	\$ -	509,062
License	554,022	-	-	554,022
Equipment	<u>7,336,172</u>	<u>513,074</u>	<u>101,500</u>	<u>7,747,744</u>
Total accumulated depreciation	<u>8,372,000</u>	<u>\$ 540,329</u>	<u>\$ 101,500</u>	<u>8,810,828</u>
Capital assets - Net	<u>\$ 4,147,992</u>			<u>\$ 3,634,252</u>

The following estimated useful lives are used to compute depreciation:

Buildings and towers	25-50 years
License	25 years
Equipment	7-20 years

**Note 3 - Retirement Plans**

The Network participates in the University retirement plans. The allocated activity for the Network in the University plans is disclosed in the following paragraphs.

**Defined Contribution Plans**

The executive, administrative, and professional staff are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary University contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$231,000 and \$218,000 for the years ended June 30, 2018 and 2017, respectively. Total payroll covered under this plan was approximately \$1,927,000 in 2018 and \$1,817,000 in 2017.

Professional support staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Effective for the year ended June 30, 2016 the University will also match the employees' contribution up to an additional 2 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$13,000 in 2018 and \$14,500 in 2017. Total payroll covered under this plan was approximately \$141,100 in 2018 and \$151,200 in 2017.

**Defined Benefit Plan**

**Plan Description** - The University administers the GVSU Professional Support Staff Employees' Retirement Plan - a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006. Management of the plan is vested in the treasurer of the board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process.

At July 1, retirement plan membership attributable to the Network consisted of the following:

	2017	2016
Inactive plan members receiving benefits	6	6
Inactive members entitled to, but not yet receiving benefits	2	2
Active plan members	5	5
Total participants	13	13

**Note 3 - Retirement Plans (Continued)**

**Benefits Provided** - The plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost-of-living adjustments. There were no changes in benefit terms.

**Contributions** - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan. The active member's contribution rate is 4.0 percent. The University's contribution rate of annual payroll was 19.2 percent and 20.9 percent for the years ended June 30, 2018 and 2017, respectively.

**Net Pension Liability** - The University's net pension liability was measured as of June 30, 2018 and 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, which used updated procedures to roll forward the estimated liability to June 30, 2018 and 2017, respectively. The amount the University allocated to the Network is based on the number of the Network's employees covered by the plan as a percentage of the University's total number of employees covered by the plan. At June 30, 2018 and 2017, the Network's allocation of the University's liability was 2.7 percent.

For the years ended June 30, 2018 and 2017, the Network recognized pension expense of approximately \$100,000.

At June 30, 2018, the Network reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 34,243	\$ -
Changes in assumptions	187,746	137,484
Net difference between projected and actual earnings on plan investments	-	12,548
Total	<u>\$ 221,989</u>	<u>\$ 150,032</u>

**Grand Valley State University**  
**WGVU Public Media**

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

**Note 3 - Retirement Plans (Continued)**

At June 30, 2017, the Network reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,312	\$ -
Changes in assumptions	211,497	146,359
Net difference between projected and actual earnings on plan investments	53,624	-
Total	<u>\$ 292,433</u>	<u>\$ 146,359</u>

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

Years Ending June 30	Amount
2019	43,544
2020	34,292
2021	(8,306)
2022	(2,837)
2023	2,003
Thereafter	3,261

**Actuarial Assumptions** - The total pension liability as of June 30, 2018 and 2017, the year end of the plan, was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	6.5% as of both July 1, 2018 and 2017, respectively, net of pension plan investment expense

Based on Mortality Table RP-2014 with Projection Table MP-2017, as appropriate.

**Note 3 - Retirement Plans (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 6.50 percent for the years ended June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position is projected to be available to make all projected future benefit payments of active and inactive plan members.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2018 and 2017, the measurement dates, for each major asset class are summarized in the table on below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	57 %	7.10 %
International equities	15	6.90
Fixed income	20	4.92
Cash	0	0.00
Real estate	3	7.91
Commodities	5	4.01

The sum of the target allocations times the long-term expected rates is 6.50 percent.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the allocated net pension liability of the Network, calculated using the current discount rates, as well as what the Network allocated net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

For the year ended June 30, 2018:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$ 629,608	\$ 397,537	\$ 206,765

For the year ended June 30, 2017:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$ 659,885	\$ 433,797	\$ 248,247

**Note 3 - Retirement Plans (Continued)**

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

**Note 4 - Other Postemployment Benefits**

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. As of June 30, 2018 and 2017, the plan covers approximately 39 members attributable to the Network. Currently, the plan does not require active members to contribute to the plan. As of January 1, 2014, the plan was closed to new participants.

**Plan Description** - Substantially all of the University's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

**Funding Policy** - The plan requirements are established and may be amended by the University's board of trustees.

**Annual OPEB Cost and Net OPEB Obligation** – For the year ended June 30, 2017, the University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years.

The following table shows the components of the annual OPEB cost for the year attributable to the Network, the amount actually contributed to the plan, and changes in the OPEB obligation:

	<u>2017</u>
Annual required obligation	\$ 33,560
Interest on net OPEB obligation	7,735
Adjustment to annual required contribution	<u>(20,502)</u>
Annual OPEB cost	20,793
Contributions made	<u>12,478</u>
Increase in net OPEB obligation	8,315
Net OPEB obligation - Beginning of year	<u>140,436</u>
Net OPEB obligation - End of year	<u>\$ 148,751</u>

**Note 4 - Other Postemployment Benefits (Continued)**

**Funded Status and Funding Progress** - As of July 1, 2016, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits attributable to the Network was approximately \$215,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$215,000. An investment fund was established for the purpose of prefunding retiree benefits with a market value attributable to the Network of approximately \$210,000 at June 30, 2017. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees attributable to the Network covered by the plan) was \$2,295,251 for 2017, and the ratio of all UAAL to covered payroll attributable to the Network was 9.36 percent for 2017.

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 and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on the University's own assets to be used for funding the current liability. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2017 was five years. Benefits valued are fixed dollar amounts.

**Total OPEB Liability** – The June 30, 2018 total OPEB liability was measured as of June 30, 2018 based on an actuarial valuation performed June 30, 2017 in compliance with GASB Statement No. 75. The July 1, 2017 OPEB liability was measured as of July 1, 2017 based on an actuarial valuation performed June 30, 2017 in compliance with GASB Statement No. 75. The amount the University allocated to the Network is based on the number of the Network's employees covered by the plan as a percentage of the University's total number of employees covered by the plan. At June 30, 2018, the Network's allocation of the University's liability was 1.8 percent.

**Note 4 - Other Postemployment Benefits (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2018, the Network recognized OPEB expense of \$2,440.

At June 30, 2018 the Network reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,825
Changes in assumptions	<u>3,633</u>	<u>-</u>
Total	<u>\$ 3,633</u>	<u>\$ 1,825</u>

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

Years Ending June 30	Amount
2019	176
2020	176
2021	176
2022	176
2023	176
Thereafter	928

**Actuarial Assumptions** – The OPEB liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.0 percent; assumed salary increases (including inflation) of 2.5 percent; an investment rate of 0% as assets held are not allowable for inclusion under GASB Statement No. 75 requirements; a health care cost trend rate of 8.0 percent in 2018, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent; and using the RP-2014 mortality tables with the MP-2017 improvement scale.

There were no changes in benefit terms during 2018.

**Note 4 - Other Postemployment Benefits (Continued)**

**Discount rate** – The discount rate used to measure the total OPEB liability was 3.0 percent at June 30, 2018 and 3.1 percent at July 1, 2017. The impact of this change is presented as a change in assumption. Because the plan does not have an irrevocable OPEB trust, there are not assets projected to be sufficient to make projected future benefit payment to current plan members, and therefore the discount rate reflects the 20-year AA/Aa tax-exempt municipal bond rate.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability of the Network, calculated using the discount rate of 3.0 percent, as well as what the Network’s total liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

For the year ended June 30, 2018:

	1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
Net OPEB Liability	\$ 491,588	\$ 363,464	\$ 285,216

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate** – The following presents the total OPEB liability of the Network, calculated using the healthcare cost trend rate of 8.0 percent, as well as what the Network’s total liability would be if it were calculated using a healthcare cost trend that is one percentage point lower or one percentage point higher than the current rate:

For the year ended June 30, 2018:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net OPEB Liability	\$ 358,981	\$ 363,464	\$ 368,768

**Note 5 - Nonfederal Financial Support (NFFS)**

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

**Note 5 - Nonfederal Financial Support (NFFS) (Continued)**

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 other than 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 programs 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 (CSG) grant program precipitated by extraordinary infusions of new capital investments in digital television (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 the 2018 NFFS. This change excludes all revenue 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 position of the Network are accounted for using the following funds for CPB purposes:

*WGVU-TV Fund* - This fund includes the resources that are available for support of the Network’s television transmission operations.

*WGVU-FM Fund* - This fund includes the resources that are available for support of the Network’s FM radio transmission operations.

*WGVU-AM Fund* - This fund includes the resources that are available for support of the Network’s AM radio transmission operations.

Reported NFFS for the Network were \$5,595,291 and \$4,541,750 for the WGVU-TV fund, \$698,060 and \$688,877 for the WGVU-FM fund, and \$372,758 and \$373,526 for the WGVU-AM fund for 2018 and 2017, respectively.

## **Required Supplementary Information**

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# Grand Valley State University

## WGVU Public Media

### Schedule of Net Pension Liability and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Network's allocated portion of the collective University plan net pension liability:					
As a percentage	2.7%	2.7%	3.4%	2.9%	2.9%
Amount	\$ 397,537	\$ 433,797	\$ 433,265	\$ 332,616	\$ 200,662
Network's covered payroll:					
As a percentage	2.9%	3.3%	3.4%	3.4%	3.4%
Amount	\$ 319,356	\$ 327,173	\$ 344,516	\$ 368,183	\$ 395,313
Network's collective pension liability as a percentage of covered payroll	124.5%	132.6%	125.8%	90.3%	50.8%
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Network's allocated share of the University's actuarially determined contribution offset by employee contributions	\$ 51,106	\$ 56,131	\$ 88,904	\$ 34,639	\$ 49,780
Network's allocated share of the University's actual contributions	\$ 55,568	\$ 55,530	\$ 54,299	\$ 47,423	\$ 48,065
Network's allocated share of the University's contribution (excess) deficiency	(4,462)	\$ 600	\$ 34,605	(4,684)	\$ 1,715
Network's covered payroll	319,356	\$ 327,173	\$ 344,516	\$ 368,183	\$ 395,313
Network's allocated share of the University's contributions as a percentage of covered payroll	17.4%	17.0%	15.8%	12.9%	12.2%

#### Changes Since Prior Valuation

The mortality table projection scale was updated from MP-2016 to MP-2017. There were no changes in benefit terms.

**Grand Valley State University**  
**WGVU Public Media**

**Schedule of OPEB Liability and Related Ratios**

	<u>June 30, 2018</u>
Network's allocated portion of the collective University plan net OPEB liability:	
As a percentage	1.8%
Amount	\$ 353,464
Network's covered payroll:	
As a percentage	1.2%
Amount	\$ 1,523,977
Network's collective net OPEB liability as a percentage of covered payroll	23.2%

*Changes in Benefit Terms.*      There were no changes to benefit terms during 2018.

*Changes in Assumptions.*      Changes in assumptions or other inputs reflect the changes in the discount rate for each period. The following are the discount rates used to calculate the liability at the beginning of the period (2017) and end of the period (2018).

2018	3.0%
2017	3.1%

## **Other Supplementary Information**

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# Grand Valley State University

## WGVU Public Media

### Combined Statement of Net Position Year Ended June 30, 2018

	Television	Radio - FM	Radio - AM	Combined Total
<b>Assets</b>				
Current assets:				
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 314,120	\$ 434,889	\$ 20,087	\$ 769,096
Cash held in Grand Valley State University pooled asset funds for restricted purposes	2,178,614	12,197	-	2,190,811
Accounts receivable	88,062	16,280	3,832	108,174
Inventory	4,573	-	-	4,573
Prepaid expenses	42,394	11,583	-	53,977
Purchased program rights - Current portion	<u>577,327</u>	<u>-</u>	<u>-</u>	<u>577,327</u>
Total current assets	3,205,090	474,949	23,919	3,703,958
Noncurrent assets:				
Investments held in Grand Valley State University endowment funds	414,458	95,220	12,043	521,721
Purchased program rights - Long-term portion	288,086	-	-	288,086
Capital assets - Net	<u>2,618,616</u>	<u>576,972</u>	<u>50,182</u>	<u>3,245,770</u>
Total noncurrent assets	<u>3,321,160</u>	<u>672,192</u>	<u>62,225</u>	<u>4,055,577</u>
Total assets	6,526,250	1,147,141	86,144	7,759,535
<b>Deferred Outflow of Resources</b> - Retirement benefit related accruals				
	203,065	588	21,969	225,622
<b>Liabilities</b>				
Current liabilities:				
Advances from Grand Valley State University pooled asset funds	431,478	-	374,495	805,973
Unearned operating revenue	1,465,694	10,609	-	1,476,303
Accounts payable	103,920	4,910	339	109,169
Accrued payroll	80,821	10,771	11,908	103,500
OPEB benefit payable	12,068	2,011	-	14,079
Accrued compensated absences	<u>122,086</u>	<u>19,188</u>	<u>9,369</u>	<u>150,643</u>
Total current liabilities	2,216,067	47,489	396,111	2,659,667
Noncurrent liabilities:				
Net other postemployment benefits	281,020	56,787	11,578	349,385
Net pension liability	<u>346,373</u>	<u>-</u>	<u>51,164</u>	<u>397,537</u>
Total noncurrent liabilities	<u>627,393</u>	<u>56,787</u>	<u>62,742</u>	<u>746,922</u>
Total liabilities	2,843,460	104,276	458,853	3,406,589
<b>Deferred Inflow of Resources</b> - Retirement benefit related accruals				
	<u>143,457</u>	<u>295</u>	<u>8,105</u>	<u>151,857</u>
<b>Net Position</b>				
Net investment in capital assets	2,618,616	576,972	50,182	3,245,770
Restricted - Nonexpendable	324,026	72,165	9,100	405,291
Restricted - Expendable	90,432	35,252	2,943	128,627
Restricted - Expendable programming	838,544	-	-	838,544
Unrestricted net position (deficit)	<u>(129,220)</u>	<u>358,769</u>	<u>(421,070)</u>	<u>(191,521)</u>
Total net position	<u>\$ 3,742,398</u>	<u>\$ 1,043,158</u>	<u>\$ (358,845)</u>	<u>\$ 4,426,711</u>

# Grand Valley State University

## WGVU Public Media

### Combined Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2018

	Television	Radio - FM	Radio - AM	Combined Total
<b>Operating Revenue</b>				
Operating grant from Grand Valley State University	\$ 720,154	\$ 175,363	\$ 207,100	\$ 1,102,617
Contributions, subscriptions, and memberships	2,826,441	229,293	50,240	3,105,974
Community service grant from the Corporation for Public Broadcasting	999,081	92,845	71,821	1,163,747
Government grants and contracts	31	-	-	31
Nongovernment grants and contracts	237,853	-	-	237,853
Donated facilities and administrative support from Grand Valley State University	963,997	148,536	95,281	1,207,814
In-kind contributions	122,510	50,964	1,000	174,474
Underwriting revenue	814,130	145,946	21,005	981,081
Production and use of facilities	429,201	3,125	-	432,326
Miscellaneous revenue	76,387	-	-	76,387
<b>Total operating revenue</b>	<b>7,189,785</b>	<b>846,072</b>	<b>446,447</b>	<b>8,482,304</b>
<b>Operating Expenses</b>				
Program services:				
Programming and production	1,722,840	499,382	129,918	2,352,140
Broadcasting	333,365	8,731	2,185	344,281
Program information and promotion	519,396	69,779	1,000	590,175
Support services:				
Management and general	2,429,741	239,065	354,152	3,022,958
Fundraising, membership development, and auction	1,497,392	26,408	9,166	1,532,966
Depreciation expense	413,994	27,447	8,700	450,141
<b>Total operating expenses</b>	<b>6,916,728</b>	<b>870,812</b>	<b>505,121</b>	<b>8,292,661</b>
<b>Operating Gain (Loss)</b>	<b>273,057</b>	<b>(24,740)</b>	<b>(58,674)</b>	<b>189,643</b>
<b>Nonoperating Revenue</b>				
Fundraising income	110,299	15,030	-	125,329
Investment income	32,943	7,583	934	41,460
<b>Total nonoperating revenue</b>	<b>143,242</b>	<b>22,613</b>	<b>934</b>	<b>166,789</b>
<b>Gain (Loss) - Before other</b>	<b>416,299</b>	<b>(2,127)</b>	<b>(57,740)</b>	<b>356,432</b>
<b>Other</b>				
Additions to permanent endowment	1,064	30	-	1,094
<b>Increase (Decrease) in Net Position</b>	<b>417,363</b>	<b>(2,097)</b>	<b>(57,740)</b>	<b>357,526</b>
<b>Net Position - Beginning of year</b>	<b>3,489,493</b>	<b>1,084,169</b>	<b>(305,000)</b>	<b>4,268,662</b>
<b>Adjustment for Change in Accounting Principle</b>	<b>(164,458)</b>	<b>(38,914)</b>	<b>3,895</b>	<b>(199,477)</b>
<b>Net Position - End of year</b>	<b>\$ 3,742,398</b>	<b>\$ 1,043,158</b>	<b>\$ (358,845)</b>	<b>\$ 4,426,711</b>