

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 17
DATE: April 21, 2017

RECOMMENDATION

**WEMU-FM FINANCIAL STATEMENTS AS OF JUNE 30, 2016 AND
AUDITOR'S REPORT**

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the WEMU-FM Financial Statements as of June 30, 2016 and related auditor's report.

STAFF SUMMARY

WEMU-FM, Eastern Michigan University's public radio station, is required as a condition of participation in the public broadcasting program to file an annual audited statement of financial operations. Plante & Moran, PLLC prepares this audit annually as part of its financial audit engagement with the University.

The financial report, statements and opinion are attached. Plante & Moran indicates that, in their opinion, the financial statements present fairly the financial position of WEMU-FM as of June 30, 2016 and 2015. Additionally, it is Plante & Moran's opinion that the changes in WEMU-FM's financial position and cash flows for the years ended 2016 and 2015 were in accordance with generally accepted accounting principles. WEMU-FM realized a negative Change in Net Position (Deficit) of \$219,000 during the period ended June 30, 2016 (see Condensed Statement of Revenues, Expenses and Changes in Net Position, Page 6). Increased Programming and Production Expenses and decreased support from the Corporation for Public Broadcasting were the key contributing factors.

During their review, Plante Moran did not identify any internal control material weaknesses or significant deficiencies.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.



University Executive Officer

April 21, 2017

Date



WEMU 89.1

Jazz. News. Blues.

part of the **npr** digital network


A world of music, news in your neighborhood

April 21, 2017




EASTERN
MICHIGAN UNIVERSITY

1




AGENDA

- Overview
- Audit and financials
- Successes
- Future plans



WEMU 89.1



EASTERN
MICHIGAN UNIVERSITY

2

OVERVIEW

- WEMU began its 51st year of broadcasting in 2016
- Focused on **strategic priorities** of strong listener growth, increased fundraising and less reliance on the General Fund
- In 2011, WEMU announced as part of its strategic plan it would voluntarily reduce GF support by \$250,000 over three years
- Exceeded goal with reduction of more than \$400,000 – from \$834K in FY11 to \$431K in FY16
- Poised to remain a local, regional and national leader for another 50 years

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

3

AUDIT

- FY16 audit was completed by Plante Moran in November 2016
- Required annually by the Corporation for Public Broadcasting (CPB)
- No issues were identified

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

4

FINANCIALS

Financials

Current sources of funding for WEMU (in thousands):	Actual FY11	Actual FY12	Actual FY13	Actual FY14	Actual FY15	Actual FY16
General fund	\$ 834	\$ 652	\$ 449	\$ 413	\$ 414	\$ 431
Designated funds	51	58	40	62	59	59
Donor fundraising	597	618	683	699	667	637
CPB grants	188	213	150	111	217	152
Total before allocated administrative support	\$ 1,670	\$ 1,541	1,322	1,285	1,357	1,279
Allocated administrative support from EMU	570	508	539	517	481	527
Total audited revenue	<u>\$ 2,240</u>	<u>\$ 2,049</u>	<u>\$ 1,861</u>	<u>\$ 1,802</u>	<u>\$ 1,818</u>	<u>\$ 1,806</u>
Current operational needs for WEMU (in thousands):	Actual FY11	Actual FY12	Actual FY13	Actual FY14	Actual FY15	Actual FY16
Wages & benefits – general fund:	\$ 613	\$ 531	339	339	327	338
Wages & benefits – general fund - students:	78	0	32	2	1	4
Wages & benefits – donor and grant funds:	392	446	664	544	600	703
Wages & benefits – donor and grant funds - students:	0	59	54	49	48	21
SS&M – general fund	25	3	3	2	1	0
SS&M – sports broadcasting	58	42	25	27	29	27
SS&M – electricity	14	17	11	14	18	15
SS&M – donor and grant funds	355	331	388	376	164	235
Total, before administrative, capital, and depreciation	1,535	1,429	1,516	1,353	1,188	1,343
Administrative, capital, and depreciation costs	631	577	589	643	506	682
Total audited operating expenses	<u>\$ 2,166</u>	<u>\$ 2,006</u>	<u>\$ 2,105</u>	<u>\$ 1,996</u>	<u>\$ 1,694</u>	<u>\$ 2,025</u>

5

CHALLENGES IN FY16

- **Fundraising**
 - Donations from listeners
 - Major gifts
 - Corporate underwriting

- **Unexpected personnel costs**

6

SUCCESSES IN 2016-17

- Renewed emphasis on **expanding audience base** with dedicated focus on content, presentation, sound quality, horizontal and vertical promotion, and strategic plan for **increased news coverage** in on-air and digital platforms
- **Very successful results:**
 - In Spring 2016, posted highest listener numbers in 25 years at 48,900/weekly (Source: Nielsen Audio)
 - Award winning long-form features (Issues of the Environment) and local newscasts (Michigan Association of Broadcasters)

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

7

SUCCESSES IN FY16

- **Flagship station for Eastern football and basketball** – in FY16 broadcast 60+ games including postseason games for men's and women's basketball. Football play by play announcer, Matt Shepard named Michigan Sportscaster of the Year.
- Football coverage included extended halftime segments showcasing academics and community outreach.
- Recipient of five Broadcast Excellence Awards from the Michigan Association of Broadcasters including **Station of the Year for Public Radio Group One**. Largest weekly audience in 25 years recorded in Spring ratings of 48,900.
- **Strong community support for 50th anniversary activities:**
 - U.S. Congressional Resolution from the Honorable Debbie Dingell
 - All day open house, live jazz jam session, and one day pledge drive brought in over \$30,000
 - Major donor dinner with NPR President and CEO Jarl Mohn raised \$20,000

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

8

SUCCESSES IN FY16

- Continued providing Eastern students with radio and broadcasting **real-world experience**
- New **for-credit internship program** with Communications, Media and Theatre Arts Department in four areas: news; music programming; station administration; sports broadcasting

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

9

EMU AND COMMUNITY NEWS COVERAGE

- A new major brewing at Eastern Michigan University, coverage of fermentation science major
- EMU awarded \$1.8 million in grants to benefit veterans and low-income, first-generation students
- EMU officers save overdose victim's life with Naloxone
- EMU celebrates Martin Luther King, Jr.'s legacy, 'And Justice For All'

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

10



Blues Barbecue

- Annual Blue Barbecue donor event
- More than 500 WEMU donors enjoying the Convocation Center Concourse

- **TRUEMU Night**

- WEMU donors on fan cam
- TRUEMU night at Comerica Park



EMU Jazz Ensemble jamming with local musicians at WEMU 50th Anniversary Day event in King Hall



EMU Jazz Ensemble playing at WEMU 5:01 event

EMU Volleyball Team volunteering at pledge drive



WEMU 89.1



EASTERN
MICHIGAN UNIVERSITY

13

LOOKING AHEAD

- Stay focused on strategic priorities of strong listener growth, increased fundraising
- Increased emphasis on major gifts and corporate underwriting
- Highest on-air spring pledge drive total in WEMU history; more than \$210,00 pledged in March
- Continued focus on expense reductions and cost containment
- Committed to continued reduction of General Fund support

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

14

LOOKING AHEAD

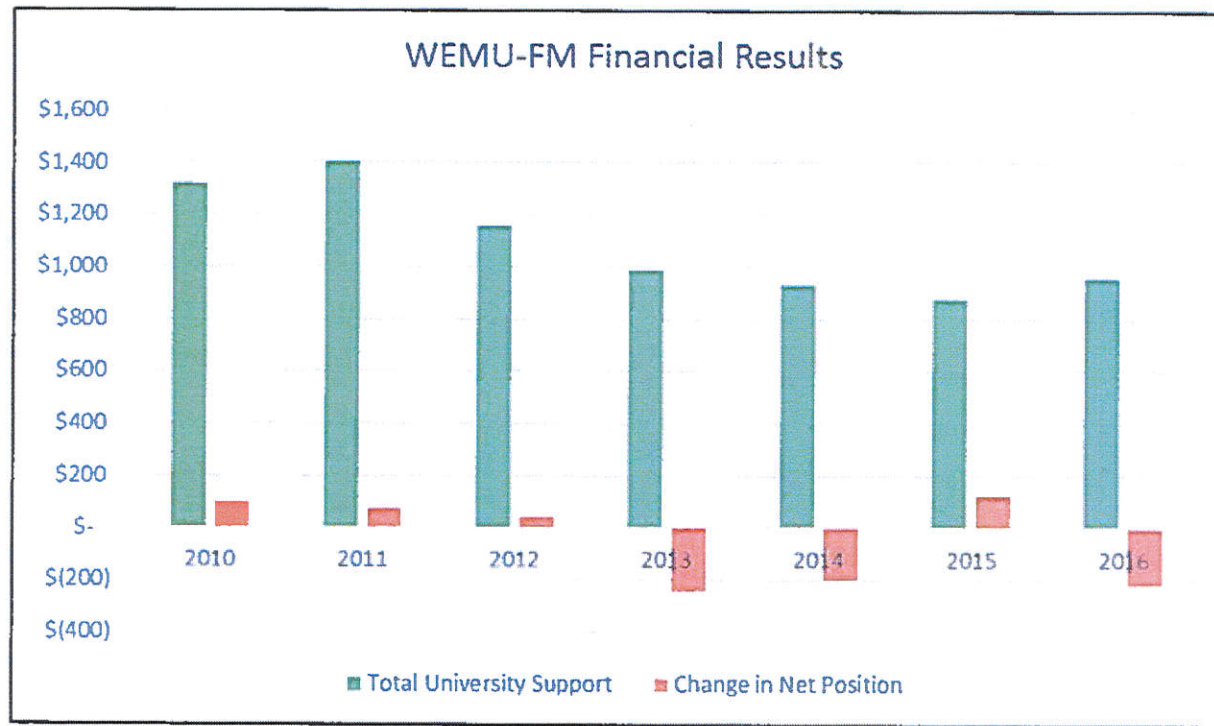
WEMU's dedicated team of broadcast professionals recognizes the challenges presented by remaining a local news, information, cultural, and music provider at a time of the changing media landscape.

We remain committed to increasing audience size, donations, and major gifts; becoming more self-sustaining; supporting the career development of more students; providing live coverage of EMU Athletics games; and, remaining a vital public voice and regional presence for Eastern Michigan University.

WEMU 89.1

EASTERN
MICHIGAN UNIVERSITY

WEMU-FM Financial Results 2010-2016



Main drivers for decreased performance from 2013-2016 include:

(1) Reduced University Support (\$222k avg./year from 2012 level)

(2) Reduced Grants from Corporation of Public Radio (\$56k avg./year from 2012 level)

January 9, 2017

To the Board of Regents
Eastern Michigan University WEMU-FM

We have audited the financial statements of Eastern Michigan University WEMU-FM (WEMU-FM or the "Station") as of and for the year ended June 30, 2016 and have issued our report thereon dated January 9, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 24, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Eastern Michigan University WEMU-FM. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on June 24, 2016.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Eastern Michigan University WEMU-FM are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016.

We noted no transactions entered into by the Station during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the following:

- **The Allocation of Functional Expenses and Indirect Administrative Support** - Management's estimate of the functional allocation of expenses and indirect administrative support is based on payroll percentage allocation among functions and the portion of the University's general overhead as it relates to Eastern Michigan University WEMU-FM. We evaluated the key factors and assumptions used to develop the functional allocation of expenses and indirect administrative support in determining that they are reasonable in relation to the basic financial statements taken as a whole.
- **Net Pension Liability for MPSERS** - Management estimates the University's proportionate share of the net pension liability in the Michigan Public School Employees Retirement System (MPSERS). The amount the University allocated to the Station is based on WEMU-FM's unrestricted net position (before the pension liability, deferred inflows, and deferred outflows) as a percentage of the University's net position base. We evaluated key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Station, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention as the Station's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

January 9, 2017

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 9, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Station’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

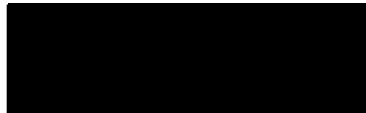
Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Station’s financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the management’s discussion and analysis and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of board of regents and management of Eastern Michigan University WEMU-FM and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Vicki L. VanDenBerg, CPA
Partner

Eastern Michigan University WEMU-FM

**Financial Report
with Supplemental Information
June 30, 2016**

Eastern Michigan University WEMU-FM

Contents

Report Letter	1-3
Management's Discussion and Analysis (Unaudited)	4-9
Financial Statements	
Statement of Net Position	10
Statement of Revenue, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13-24
Supplemental Information	25
Schedule of Net Position by Fund	26
Schedule of Revenue, Expenses, and Changes in Net Position by Fund	27

Independent Auditor's Report

To the Board of Regents
Eastern Michigan University WEMU-FM

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Michigan University WEMU-FM (the "Station" or WEMU) a department of Eastern Michigan University, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise WEMU's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Michigan University WEMU-FM as of June 30, 2016 and 2015 and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Regents
Eastern Michigan University WEMU-FM

Emphasis of Matter

We draw attention to Note I to the basic financial statements, which explains that these financial statements of WEMU-FM are intended to present the financial position, the changes in financial position, and the changes in cash flows of only that portion of Eastern Michigan 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 Eastern Michigan University as of June 30, 2016 and 2015, 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.

Other Matter

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WEMU's financial statements. The other supplemental 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.

To the Board of Regents
Eastern Michigan University WEMU-FM

The other supplemental 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 supplemental 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.



January 9, 2017

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Unaudited)

This section of Eastern Michigan University WEMU-FM's (the "Station" or WEMU) annual financial report presents management's discussion and analysis of the financial performance of the Station during the fiscal years ended June 30, 2016, 2015, and 2014. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, notes, and this discussion are the responsibility of the Station's management.

Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In 2015, the Station adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Station reported a liability of \$211,296 and \$96,675 for its allocated share of the University's net pension liability at June 30, 2016 and 2015, respectively. The Station had deferred outflows consisting of \$16,840 and \$9,835 in university pension contributions subsequent to the measurement date of the accrued actuarial pension obligation at June 30, 2016 and 2015, respectively. In addition, at June 30, 2016 and 2015, the Station had deferred inflows consisting of \$1,378 and \$9,294, respectively, in the net difference between projected and actual earnings on pension plan investments in respect to the fair value of pension obligations. The Station had no deferred inflows or outflows as of June 30, 2014.

The financial statements prescribed by GASB Statements (the statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position includes all assets and liabilities. Over time, increases or decreases in net position (the difference between assets and liabilities) are one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts such as the condition of facilities.

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

Eastern Michigan University WEMU-FM

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

Using the Annual Financial Report (Continued)

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

Condensed Statement of Net Position

(in thousands)

	June 30		
	2016	2015	2014
Assets			
Current assets	\$ 213	\$ 320	\$ 280
Noncurrent assets	<u>116</u>	<u>124</u>	<u>132</u>
Total assets	329	444	412
Deferred Outflows of Resources	17	10	-
Liabilities			
Current liabilities	-	15	15
Noncurrent liabilities	<u>337</u>	<u>203</u>	<u>121</u>
Total liabilities	337	218	136
Deferred Inflows of Resources	<u>1</u>	<u>9</u>	<u>-</u>
Net Position			
Net investment in capital assets	116	124	132
Restricted - Expendable	240	173	71
Unrestricted (deficit)	<u>(348)</u>	<u>(70)</u>	<u>73</u>
Total net position	<u>\$ 8</u>	<u>\$ 227</u>	<u>\$ 276</u>

Eastern Michigan University WEMU-FM

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

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

	Year Ended June 30		
	2016	2015	2014
Operating Revenue			
Grants from Corporation for Public Broadcasting	\$ 151	\$ 217	\$ 111
Rental income	59	59	62
Total operating revenue	210	276	173
Operating Expenses			
Program services:			
Programming and production	1,211	965	1,497
Broadcasting	282	240	140
Program information	130	124	120
Support services:			
Fundraising	150	140	120
Management	252	224	120
Total operating expenses	2,025	1,693	1,997
Operating Loss	(1,815)	(1,417)	(1,824)
Nonoperating Revenue			
General appropriations from the University	431	413	413
Administrative support from the University	527	461	517
Contributions	638	668	699
Total nonoperating revenue	1,596	1,542	1,629
Change in Net Position	(219)	125	(195)
Net Position - Beginning of year	227	276	471
Adjustment for Change in Accounting Principle	-	(174)	-
Net Position - Beginning of year - As restated	227	102	471
Net Position - End of year	<u>\$ 8</u>	<u>\$ 227</u>	<u>\$ 276</u>

Eastern Michigan University WEMU-FM

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

Noteworthy Financial Activity

Significant components of the Station's financial condition include the following:

- The Station's total assets as of June 30, 2016 decreased versus the prior year by approximately \$115,000, primarily due to decreased support from the Corporation for Public Broadcasting (\$66,000) and decreased contributions (\$31,000). Over \$115,000 is invested in capital assets as of June 30, 2016. The Station's total assets as of June 30, 2015 increased versus the prior year by approximately \$32,000 primarily due to increased support from the Corporation for Public Broadcasting (\$106,000). Over \$123,000 is invested in capital assets as of June 30, 2015.
- In 2016, operating revenue decreased by approximately \$66,000 primarily due to decreased support from the Corporation for Public Broadcasting. In 2015, operating revenue increased by approximately \$104,000, primarily due to increased support from the Corporation for Public Broadcasting
- In 2016, nonoperating revenue increased by approximately \$53,000, primarily due to increased administrative support (\$66,000). In 2015, nonoperating revenue decreased by approximately \$87,000 primarily due to decreased administrative support (\$56,000) and decreased contributions (\$32,000).
- In 2016, operating expenses increased by approximately \$332,000, primarily due to increases in programming and production (\$247,000), broadcasting (\$42,000), and management support (\$28,000). In 2015, operating expenses decreased by approximately \$304,000, primarily due to decreases in programming and production (\$532,000) offset by increased broadcasting (\$100,000) and management support (\$104,000).

Eastern Michigan University WEMU-FM

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

Condensed Statement of Cash Flows (in thousands)

	Year Ended June 30		
	2016	2015	2014
Cash (Used in) Provided by			
Operating activities	\$ (1,707)	\$ (1,502)	\$ (1,829)
Noncapital financing activities	<u>1,580</u>	<u>1,541</u>	<u>1,629</u>
Net (Decrease) Increase in Cash	(127)	39	(200)
Cash - Beginning of year	<u>215</u>	<u>176</u>	<u>376</u>
Cash - End of year	<u>\$ 88</u>	<u>\$ 215</u>	<u>\$ 176</u>

Looking Ahead

Fiscal year 2016 found WEMU in the second year of its post-three-year strategic plan to reduce its reliance on the General Fund by \$250,000 by the end of fiscal year 2014. The Station cut \$7,000 in the middle of the year, and then took another cut of \$10,000 at fiscal year end as part of the university strategic year-end budget cuts.

The Station reduced its overall expenditures by dropping its affiliation with Public Radio International, saving \$19,000 per year from combined program and affiliation costs. WEMU hosted a 50th anniversary gala dinner in December 2015, its fourth annual State of the Station breakfast in January 2016, and a jazz brunch in May 2016, all as part of the major donor community champions program. Donations to the program were up in fiscal year 2016 as well as an overall average pledge increase.

The Station continued its aggressive strategy to increase listening and finished second in time spent listening in the Ann Arbor metro area in fall 2015. Two news reporters were hired for fiscal year 2016, replacing two who departed in 2015, and who bring new skills in the area of reporting on multiple broadcast platforms.

The overall fundraising goal for the fiscal year was \$720,000.

In fiscal year 2017, WEMU plans to continue its aggressive audience-building and fundraising strategies with a special focus on corporate and foundation gifts. The Station will also continue incentive-based fundraising events throughout the year to keep donor revenue more consistent and pledge drives shorter and more creative.

Eastern Michigan University WEMU-FM

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

Looking Ahead (Continued)

The Station continues to inspect its aging equipment, transmitters, generators, and other backup power supplies, in fiscal year 2016 to determine its longevity. Most were purchased at the same time and are approaching 20 years. The Station needs to determine the feasibility of retaining current equipment, along with its increased risk of failure and need for maintenance. Any new major equipment purchases will come from the Station's designated equipment fund. The Station remains committed to serve the University's mission of public service through programming, community support, civic engagement, and free public service announcements to nonprofits.

Eastern Michigan University WEMU-FM

Statement of Net Position

	June 30	
	2016	2015
Assets		
Current assets:		
Cash	\$ 87,609	\$ 214,669
Accounts receivable from the University	125,866	105,631
Total current assets	213,475	320,300
Noncurrent assets - Property and equipment - Net (Note 3)	115,911	123,866
Total assets	329,386	444,166
Deferred Outflows of Resources (Note 5)	16,840	9,835
Liabilities		
Current liabilities - Unearned revenue	-	15,375
Noncurrent liabilities:		
Compensated absences	125,868	105,631
Pension obligation	211,296	96,675
Total noncurrent liabilities	337,164	202,306
Total liabilities	337,164	217,681
Deferred Inflows of Resources (Note 5)	1,378	9,294
Net Position		
Net investment in capital assets	115,911	123,866
Restricted - Expendable	239,641	172,868
Unrestricted	(347,868)	(69,708)
Total net position	<u>\$ 7,684</u>	<u>\$ 227,026</u>

Eastern Michigan University WEMU-FM

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2016	2015
Operating Revenue		
Grants from Corporation for Public Broadcasting	\$ 151,382	\$ 217,202
Rental income	59,181	59,277
Total operating revenue	210,563	276,479
Operating Expenses		
Program services:		
Programming and production	1,211,427	964,993
Broadcasting	281,896	240,147
Program information	130,013	123,800
Support services:		
Fundraising	149,657	140,227
Management	252,128	224,397
Total operating expenses	2,025,121	1,693,564
Operating Loss	(1,814,558)	(1,417,085)
Nonoperating Revenue		
General appropriations from the University	431,343	413,456
Administrative support from the University	527,184	460,684
Contributions	636,689	667,590
Total nonoperating revenue	1,595,216	1,541,730
Change in Net Position	(219,342)	124,645
Net Position - Beginning of year	227,026	276,428
Adjustment for Change in Accounting Principle	-	(174,047)
Net Position - Beginning of year - As restated	227,026	102,381
Net Position - End of year	<u>\$ 7,684</u>	<u>\$ 227,026</u>

Eastern Michigan University WEMU-FM

Statement of Cash Flows

	Year Ended June 30	
	2016	2015
Cash Flows from Operating Activities		
Cash received from Corporation for Public Broadcasting	\$ 151,382	\$ 217,202
Cash received from tower leases	59,181	59,277
Cash paid for programming services	(1,517,713)	(1,415,984)
Cash paid for management and fundraising	(400,205)	(362,912)
Net cash used in operating activities	(1,707,355)	(1,502,417)
Cash Flows from Noncapital Financing Activities		
Cash received from university appropriations	416,422	413,456
Cash received from administrative support	527,184	460,684
Contributions received	636,689	667,590
Net cash provided by noncapital financing activities	1,580,295	1,541,730
Net (Decrease) Increase in Cash	(127,060)	39,313
Cash - Beginning of year	214,669	175,356
Cash - End of year	\$ 87,609	\$ 214,669
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,814,558)	\$ (1,417,085)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,955	7,956
Changes in assets and liabilities:		
Accounts receivable - Net	(20,235)	(325)
Accrued compensated absences	20,237	325
Unearned revenue	(15,375)	(15,375)
Net pension obligation	114,623	(77,913)
Total changes in assets and liabilities	99,250	(93,288)
Net cash used in operating activities	\$ (1,707,353)	\$ (1,502,417)

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Organization

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

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

Note 2 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into three net position categories according to externally imposed restrictions.

The three net position categories are as follows:

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

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

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

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

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

Unearned Revenue - WEMU receives advance payments of rent related to a tower lease agreement. These payments are reported as unearned revenue and recognized when earned. As of June 30, 2016, all unearned revenue has been earned by the Station.

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

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

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

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

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

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

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

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

Deferred Inflows - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows at June 30, 2016 include \$1,374 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and \$4 related to the pension plan described in Note 5. Deferred inflows at June 30, 2015 related to the pension plan described in Note 5.

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

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

Adoption of New Standard - The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the Statement, the University has reported a net pension liability of \$49.7 million as a change in accounting principle adjustment to unrestricted net position as of July 1, 2014. The portion of the net pension liability allocated to WEMU is \$174,047.

Note 3 - Property and Equipment

Property and equipment at June 30, 2016 and 2015 consist of the following:

	2015	Additions	Retirement	Reclassification	2016
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Transmitter and tower	288,800	-	-	-	288,800
Studio and technical equipment	140,797	-	-	-	140,797
Furniture, fixture, and equipment	126,813	-	-	-	126,813
Subtotal	656,410	-	-	-	656,410
Less accumulated depreciation	(532,544)	(7,955)	-	-	(540,499)
Net property and equipment	\$ 123,866	\$ (7,955)	\$ -	\$ -	\$ 115,911
	2014	Additions	Retirement	Reclassification	2015
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Transmitter and tower	313,402	-	-	(24,602)	288,800
Studio and technical equipment	111,506	-	(15,805)	45,096	140,797
Furniture, fixture, and equipment	270,953	-	(123,646)	(20,494)	126,813
Subtotal	795,861	-	(139,451)	-	656,410
Less accumulated depreciation	(664,039)	(7,956)	139,451	-	(532,544)
Net property and equipment	\$ 131,822	\$ (7,956)	\$ -	\$ -	\$ 123,866

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

Note 4 - Retirement Benefits and Compensated Absences

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

Defined Contribution Plan

TIAA-CREF is a defined contribution retirement plan. Substantially all full-time employees of the University are eligible to participate in the TIAA-CREF plan. Employee benefits generally vest immediately. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2016, 2015, and 2014, WEMU-FM contributed approximately \$47,000, \$49,000, and \$54,000 to the TIAA-CREF plan, respectively. The University has no liability beyond its own contributions under the TIAA-CREF plan.

The University provides termination benefits upon retirement resulting from unused sick days. The University calculates its sick pay liability in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. In 2013, the University modified the sick leave and short-term disability policy to eliminate sick leave accruals and retirement payouts for certain employees. In addition, the revised policy established a new short-term disability plan to provide income protection for certain employees unable to work for an extended period because of nonwork-related illness or period of incapacity. The Station's portion of this liability is \$125,866 and \$105,631 as of June 30, 2016 and 2015, respectively.

Note 5 - Michigan Public School Employees Retirement System

Plan Description - The Station, through the University, participates in the Michigan Public School Employees Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the University and therefore, substantially all of the employees of the Station; all hourly employees and some salary employees hired prior to January 1, 1996 participate in MPSERS. Employees hired on or after January 1, 1996 cannot participate in MPSERS unless they previously were enrolled in the system at the University or one of the other six universities that are part of MPSERS.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. The report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909. Separate pension information related to the Station's employees included in this plan is not available.

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

The University's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. The University contributes to MPSERS a percentage of member and nonmember payrolls, determined by the plan's actuaries, for the unfunded portion of future pensions. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Normal Pension Cost	Unfunded Portion
July 1, 2014 - September 30, 2014	3.0%	16.61%
October 1, 2014 - September 30, 2015	4.8%	17.72%
October 1, 2015 - June 30, 2016	4.9%	20.26%

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions. The University's required and actual contributions to the plan for the years ended June 30, 2016 and 2015 were \$4,817,034 and \$4,652,858, respectively. Contributions include \$706,663 and \$960,295 of revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2016 and 2015, respectively.

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

As a result of the above requirements, WEMU records an allocation of the University's required and actual contributions to the plan for the years ended June 30, 2016 and 2015, which was \$36,000 and \$30,000, respectively.

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member.

Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

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

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction. Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2016 and 2015, the Station reported a liability of \$211,296 and \$96,675, respectively, for its allocated share of the University's net pension liability. The net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the MPSERS net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. The amount the University allocated to the Station is based on WEMU's unrestricted net position (before the pension liability, deferred inflows, and deferred outflows) as a percentage of the University's net position base. At September 30, 2015 and 2014, the Station's allocation was .028 and 0.19 percent, respectively, of the University's proportionate share.

On September 30, 2015, the University received approximately \$14.3 million from the plan for a plan error in requiring excess contributions. The refund reduced the plan's net position and impacted the University's net pension liability as of June 30, 2016. The amount the University allocated to the Station was approximately \$40,000.

For the year ended June 30, 2016 and 2015, WEMU recognized a pension expense of \$11,988 and \$2,433, respectively. At June 30, 2016 and 2015, WEMU reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	June 30, 2016		June 30, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -	\$ 2,880	\$ -
Difference between expected and actual experience	2,902	-	-	-
Net difference between projected and actual earnings on pension plan investments	612	-	-	(9,294)
Changes in proportion and differences between University contributions and proportionate share of contributions University contributions subsequent to the measurement date	602	(4)	14	-
	<u>12,724</u>	<u>-</u>	<u>6,941</u>	<u>-</u>
Total	<u>\$ 16,840</u>	<u>\$ (4)</u>	<u>\$ 9,835</u>	<u>\$ (9,294)</u>

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

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

Years Ending June 30	2016	2015
2016	\$ -	\$ 571
2017	2,786	(2,324)
2018	(715)	(2,324)
2019	(715)	(2,323)
2020	2,757	-
Total	<u>\$ 4,113</u>	<u>\$ (6,400)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2017).

Actuarial Assumptions - The total pension liability as of September 30, 2015 and 2014 is based on the results of an actuarial valuation as of September 30, 2014 and September 30, 2013, and rolled forward. The following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	8.00 percent, net of investment and administrative expenses based on the groups
Rate of pay increases	3.5 percent
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB

The actuarial assumptions used for the September 30, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period from October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent at September 30, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, including inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Plan Year September 30, 2015		Plan Year September 30, 2014	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.9%	28.0%	4.8%
Alternate Investment Pools	18.0%	9.2%	18.0%	8.5%
International Equity Pools	16.0%	7.2%	16.0%	6.1%
Fixed Income Pools	10.5%	0.9%	10.5%	1.5%
Real Estate & Infrastructure Pools	10.0%	4.3%	10.0%	5.3%
Absolute Return Pools	15.5%	6.0%	15.5%	6.3%
Short Term Investment Pools	2.0%	0.0%	2.0%	-0.2%
Total	100%		100%	

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the allocated net pension liability of WEMU, calculated using the discount rate of 8.00 percent, as well as what WEMU's allocated net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00 percent) or 1.00 percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Station's proportionate share of the net pension liability - June 30, 2016	\$ 247,921	\$ 211,296	\$ 179,683
Station's proportionate share of the net pension liability - June 30, 2015	\$ 120,992	\$ 96,675	\$ 75,722

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

Note 6 - Nonfederal Financial Support (NFFS)

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

Calculated in accordance with CPB guidelines, the combined network reported total NFFS of \$1,592,888 and \$1,557,106 for the years ended June 30, 2016 and 2015, respectively.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2016 and 2015

Note 7 - Issued but Not Adopted Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statement that WEMU will implement in the future.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University, and therefore WEMU, to recognize on the face of the financial statements its proportionate share of the retiree health benefits included within the Michigan Public School Employees Retirement System (MPSERS). The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for periods beginning after June 30, 2017.

Supplemental Information

Eastern Michigan University WEMU-FM

Schedule of Net Position by Fund

	June 30, 2016			June 30, 2015		
	Operating Funds		Total	Operating Funds		Total
	Unrestricted	Property Fund		Unrestricted	Property Fund	
Assets						
Current assets:						
Cash	\$ 87,609	\$ -	\$ 87,609	\$ 214,669	\$ -	\$ 214,669
Accounts receivable	125,866	-	125,866	105,631	-	105,631
Total current assets	213,475	-	213,475	320,300	-	320,300
Noncurrent assets - Property and equipment - Net	-	115,911	115,911	-	123,866	123,866
Total assets	213,475	115,911	329,386	320,300	123,866	444,166
Deferred Outflows of Resources	16,840	-	16,840	9,835	-	9,835
Liabilities						
Current liabilities - Unearned revenue	-	-	-	15,375	-	15,375
Noncurrent liabilities:						
Compensated absences	125,868	-	125,868	105,631	-	105,631
Pension obligation	211,296	-	211,296	96,675	-	96,675
Total noncurrent liabilities	337,164	-	337,164	202,306	-	202,306
Total liabilities	337,164	-	337,164	217,681	-	217,681
Deferred Inflows of Resources	1,378	-	1,378	9,294	-	9,294
Net Position						
Net investment in capital assets	-	115,911	115,911	-	123,866	123,866
Restricted - Expendable	239,641	-	239,641	172,868	-	172,868
Unrestricted (deficit)	(347,868)	-	(347,868)	(69,708)	-	(69,708)
Total net position	\$ (108,227)	\$ 115,911	\$ 7,684	\$ 103,160	\$ 123,866	\$ 227,026

Eastern Michigan University WEMU-FM

Schedule of Revenue, Expenses, and Changes in Net Position by Fund

	Year Ended June 30, 2016			Year Ended June 30, 2015		
	Operating Funds		Total	Operating Funds		Total
	Unrestricted	Property Fund		Unrestricted	Property Fund	
Operating Revenue						
Grants from Corporation for Public Broadcasting	\$ 151,382	\$ -	\$ 151,382	\$ 217,202	\$ -	\$ 217,202
Rental income	59,181	-	59,181	59,277	-	59,277
Total operating revenue	210,563	-	210,563	276,479	-	276,479
Operating Expenses						
Program services:						
Programming and production	1,206,668	4,759	1,211,427	960,460	4,533	964,993
Broadcasting	280,789	1,107	281,896	239,019	1,128	240,147
Program information	129,502	511	130,013	123,218	582	123,800
Support services:						
Fundraising	149,069	588	149,657	139,568	659	140,227
Management	251,138	990	252,128	223,343	1,054	224,397
Total operating expenses	2,017,166	7,955	2,025,121	1,685,608	7,956	1,693,564
Operating Loss	(1,806,603)	(7,955)	(1,814,558)	(1,409,129)	(7,956)	(1,417,085)
Nonoperating Revenue						
General appropriations from the University	431,343	-	431,343	413,456	-	413,456
Administrative support from the University	527,184	-	527,184	460,684	-	460,684
Contributions	636,689	-	636,689	667,590	-	667,590
Total nonoperating revenue	1,595,216	-	1,595,216	1,541,730	-	1,541,730
Change in Net Position	(211,387)	(7,955)	(219,342)	132,601	(7,956)	124,645
Net Position - Beginning of year	103,160	123,866	227,026	144,606	131,822	276,428
Adjustment for Change in Accounting Principle	-	-	-	(174,047)	-	(174,047)
Net Position - Beginning of year - As restated	103,160	123,866	227,026	(29,441)	131,822	102,381
Net Position - End of year	\$ (108,227)	\$ 115,911	\$ 7,684	\$ 103,160	\$ 123,866	\$ 227,026