

**MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Mid-Michigan Area Cable Communication Consortium  
Mt. Pleasant, Michigan

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mid-Michigan Area Cable Communication Consortium (the "Consortium"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Consortium, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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.

*Galbridge & Company*

Grand Rapids, Michigan

April 27, 2022

## **Management's Discussion and Analysis**

**Mid-Michigan Area Cable Communication Consortium**  
**Management's Discussion and Analysis**  
**December 31, 2021**

As management of Mid-Michigan Area Cable Communication Consortium (the "Consortium"), we offer readers of the Consortium's financial statements this narrative overview and analysis of the financial activities of the Consortium for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Consortium's financial statements that follow this section.

***Financial Highlights***

- The assets of the Consortium exceeded its liabilities at the close of the most recent fiscal year by \$366,066 (net position). Of this amount, \$328,856 represents unrestricted net position, which may be used to meet the Consortium's ongoing obligations to citizens and creditors.
- During the year, the Consortium received \$208,283 in revenues and incurred \$225,904 in expenses, resulting in a decrease in net position of \$17,621.
- At the close of the current fiscal year, the Consortium's general fund reported fund balance of \$328,856, a decrease of \$3,144 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$323,341, or approximately 152.9% of total general fund expenditures.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Consortium's basic financial statements. The Consortium's basic financial statements are comprised of two components: the financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Financial statements.** The financial statements are presented in a columnar format. The Consortium maintains only one fund, a governmental fund (operating, or general, fund) that is presented in the first column (*governmental fund* financial statements) and is prepared on the modified accrual basis of accounting. These fund financial statements present a short-term view and tell how resources were spent during the year as well as what remains for future spending. Such financial information may be helpful in evaluating the Consortium's near-term financing requirements.

The second column in the financial statements presents the adjustments necessary to reconcile the *governmental funds* financial statements to the *governmental activities* financial statements (*statement of net position* and *statement of activities*) presented in the third column.

These *governmental activities* financial statements are designed to provide the readers with a broad view of the Consortium's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the Consortium's finances and whether the full cost of government services have been funded. The two governmental activities statements are as follows:

- The *statement of net position* presents information on all of the Consortium's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Consortium is improving or deteriorating.
- The *statement of activities* presents information showing how the Consortium's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that result in cash flows in different fiscal periods.

The Consortium adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental fund and governmental activities financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Consortium's general fund.



### ***Government-wide Overall Financial Analysis***

The following table shows, in a condensed format, the net position of the Consortium as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 216,108	\$ 217,587
Investments	69,685	69,572
Franchise Fee Receivable	49,034	51,776
Prepaid Items	5,515	5,515
<b><i>Total Current Assets</i></b>	<b>340,342</b>	<b>344,450</b>
<i>Noncurrent Assets</i>		
Capital Assets Being Depreciated, net	37,150	51,627
<b><i>Total Assets</i></b>	<b>377,492</b>	<b>396,077</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	2,310	2,382
Accrued Salaries and Payroll Taxes	9,176	10,068
<b><i>Total Liabilities</i></b>	<b>11,486</b>	<b>12,450</b>
<b>NET POSITION</b>		
Investment in Capital Assets	37,150	51,627
Unrestricted	328,856	332,000
<b><i>Total Net Position</i></b>	<b>\$ 366,006</b>	<b>\$ 383,627</b>

A portion of the Consortium's net position (10.2%, or \$37,150) reflects its investment in capital assets (e.g., leasehold improvements, studio equipment, furniture, and fixtures). The Consortium uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

The remaining balance of \$328,856 (or 89.8%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Consortium is able to report positive balances in all reported categories of fund balance and net position, both for the general fund as well as for its governmental activities. The same situation held true for the prior fiscal year.

The following analysis highlights the changes in net position for the years ended December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Franchise Fees	\$ 182,790	\$ 191,311
Grants	8,671	9,616
Video Production	16,383	15,378
Interest	252	2,930
Other	187	-
<b>Total Revenues</b>	<b>208,283</b>	<b>219,235</b>
<b>Expenses</b>		
Salaries and Wages	132,761	150,154
Contracted Services	2,388	2,658
Professional Fees	7,620	6,425
Supplies	6,046	5,205
Advertising	827	765
Utilities	29,132	28,136
Repair and Maintenance	1,397	2,250
Rent	26,070	30,989
Training	59	-
Insurance	3,173	2,826
Dues and Fees	160	1,050
Depreciation	14,477	16,621
Other	1,571	869
Postage	223	237
<b>Total Expenses</b>	<b>225,904</b>	<b>248,185</b>
<b>Change in Net Position</b>	<b>(17,621)</b>	<b>(28,950)</b>
<i>Net Position at Beginning of Period</i>	<i>383,627</i>	<i>412,577</i>
<b>Net Position at End of Period</b>	<b>\$ 366,006</b>	<b>\$ 383,627</b>

Franchise fee revenues decreased by \$8,521 during the current year due to a decrease in the Charter's revenue. Salaries and wages decreased by \$17,393 during the year resulting from a loss of staff and co-ops during 2020 as a result of COVID-19 that have not yet been replaced.

### ***Financial Analysis of Governmental Funds***

As noted earlier, the Consortium uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

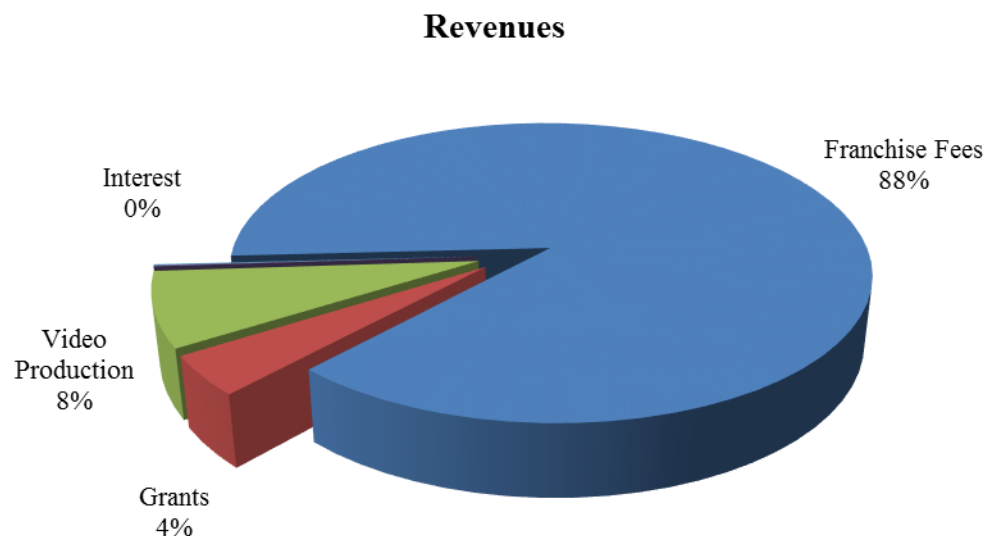
**Governmental Funds.** The focus of the Consortium's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Consortium's financing requirements. In particular,

unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Consortium itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Consortium's Board.

The general fund is the chief operating fund of the Consortium. At the end of the current fiscal year, fund balance of the general fund was \$328,856, a decrease of \$3,144 from the prior year. Of this amount, \$323,341 was unassigned. Total fund balance represents approximately 155.5% percent of total general fund expenditures while unassigned fund balance represents approximately 152.9%.

### ***Governmental Activities***

The following chart summarizes the revenue sources for the Consortium for the most recent fiscal year-end.



### ***General Fund Budgetary Highlights***

*Original budget compared to final budget.* During the year there was no need for any significant amendments to increase the original estimated revenues or estimated expenditures.

*Final budget compared to actual results.* The Consortium had no significant budget exceptions during the year ended December 31, 2021.

### ***Capital Assets***

The Consortium's investment in capital assets as of December 31, 2021 amounted to \$37,150 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, studio equipment, and furniture and fixtures. The total change in the Consortium's investment in

capital assets for the current fiscal year was a net decrease of \$14,477 which was entirely attributable to depreciation expense of \$14,477. Additional information on the Consortium's capital assets can be found in the notes to the financial statements.

### ***Next Year's Budget***

### ***Economic Condition and Outlook***

Management estimates that a similar level of revenues (compared to 2021) will be available for appropriation in the general fund in the 2022 budget.

The Consortium continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2022, the Consortium plans again to use its available resources to provide essential services and to maintain the Consortium's financial reserves at similar levels.

Additionally, management is currently working to determine the significance that the COVID-19 pandemic will have on the Consortium's upcoming revenues and expenditures. The Consortium plans to monitor expenditures carefully.

### ***Contacting the Consortium's Management***

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Consortium's finances and to show the Consortium's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Consortium's Administration Director.

Mid-Michigan Area Cable Communications Consortium  
312 W. Michigan St.  
Mt. Pleasant, MI 48858

## **Basic Financial Statements**

**Mid-Michigan Area Cable Communication Consortium**  
**Governmental Fund Balance Sheet / Statement of Net Position**  
**December 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 216,108		\$ 216,108
Investments	69,685		69,685
Franchise Fee Receivable	49,034		49,034
Prepaid Items	5,515		5,515
<b>Total Current Assets</b>	<u>340,342</u>		<u>340,342</u>
<i>Noncurrent Assets</i>			
Capital Assets being Depreciated, net	-- (1)	37,150	37,150
<b>Total Assets</b>	<u>340,342</u>		<u>377,492</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	2,310		2,310
Accrued Salaries and Payroll Taxes	9,176		9,176
<b>Total Liabilities</b>	<u>11,486</u>		<u>11,486</u>
<b>FUND BALANCE</b>			
Nonspendable	5,515	(5,515)	--
Unassigned	323,341	(323,341)	--
<b>Total Fund Balance</b>	<u>328,856</u>		
<b>Total Liabilities and Fund Balance</b>	<u>\$ 340,342</u>		
<b>NET POSITION</b>			
Investment in Capital Assets		37,150	37,150
Unrestricted		328,856	328,856
<b>Total Net Position</b>			<u>\$ 366,006</u>

(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

**Mid-Michigan Area Cable Communication Consortium**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities**  
**For the Year Ended December 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Franchise Fees	\$ 182,790		\$ 182,790
Grants	8,671		8,671
Video Production	16,383		16,383
Interest	252		252
Other	187		187
<b><i>Total Revenues</i></b>	<u>208,283</u>		<u>208,283</u>
<b>Expenditures</b>			
Salaries and Wages	132,761		132,761
Contracted Services	2,388		2,388
Professional Fees	7,620		7,620
Supplies	6,046		6,046
Advertising	827		827
Utilities	29,132		29,132
Repair and Maintenance	1,397		1,397
Rent	26,070		26,070
Training	59		59
Insurance	3,173		3,173
Dues and Fees	160		160
Depreciation	(1)	14,477	14,477
Other	1,571		1,571
Postage	223		223
<b><i>Total Expenditures</i></b>	<u>211,427</u>		<u>225,904</u>
<b><i>Excess of Revenues Over (Under) Expenditures</i></b>	<u>(3,144)</u>		<u>(17,621)</u>
<b><i>Net Change in Fund Balance / Net Position</i></b>	<u><b>(3,144)</b></u>		<u><b>(17,621)</b></u>
<i>Fund Balance / Net Position at Beginning of Period</i>	332,000		383,627
<b><i>Fund Balance / Net Position at End of Period</i></b>	<u><b>\$ 328,856</b></u>		<u><b>\$ 366,006</b></u>

(1) In the statement of activities, a provision for depreciation of \$14,477 was recorded against the capital assets recorded in the statement of net position. In the governmental (general) fund, there is no depreciation recorded.

## **Notes to the Financial Statements**



# **Mid-Michigan Area Cable Communication Consortium**

## **Notes to the Financial Statements**

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### **Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Mid-Michigan Area Cable Communication Consortium (the “Consortium”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Consortium’s accounting policies are described below.

#### ***Reporting Entity***

The Mid-Michigan Area Cable Communication Consortium is a joint venture of municipalities and other political subdivisions of the State of Michigan serving member communities of Gratiot, Isabella, and Clare Counties. Members include the Cities of Clare, Harrison, Mt. Pleasant, and Saint Louis, and the Townships of Arcadia, Pine River, and Union. The Consortium is responsible for developing and monitoring the enforcement of the cable ordinance, negotiating and monitoring of cable franchise agreements, and to the extent permitted by federal law, regulate cable rates. Additionally, the Consortium is responsible for the operation of public education and governmental access channels to provide quality cable communications services at the lowest reasonable cost to its citizens. The Consortium provides both training and facilities to communicate to the community utilizing electronic media. The Board consists of a seven-to-fourteen-member board with member communities appointing at least one but up to two members.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity.

#### ***Government-wide and Fund Financial Statements***

Separate columns are included in the financial statements for the government-wide financial statements (e.g., the statement of net position and the statement of activities) and the fund financial statements, which present the sole governmental fund (the general fund) of the Consortium.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

##### ***Basis of Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as

# Mid-Michigan Area Cable Communication Consortium

## Notes to the Financial Statements

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soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Consortium considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

State grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Consortium reports the following major governmental fund:

The ***general fund*** is the government's primary operating fund. It accounts for all financial resources of the Consortium, except those required to be accounted for in another fund.

### ***Budgetary Basis of Accounting***

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund is subject to legal budgetary accounting controls and all are budgeted annually. Annual budgets are adopted on basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end. The budget for the general fund is adopted at the department level.

### **Assets, Liabilities, and Net Position or Equity**

#### ***Deposits and Investments***

The Consortium's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and Consortium policy authorize the Consortium to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

# Mid-Michigan Area Cable Communication Consortium

## Notes to the Financial Statements

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- Bankers' acceptances of United States banks.
  - Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
  - Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
  - External investment pools as authorized by Public Act 20 as amended through March, 1997.

Investments are stated at fair value.

### ***Receivables and Payables***

All trade receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable.

### ***Capital Assets***

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Consortium as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated using the straight-line method over the remaining useful lives of the related capital assets, as applicable.

	<b><u>Years</u></b>
Leasehold Improvements	10-15
Equipment, Furniture, and Fixtures	5-10

## Mid-Michigan Area Cable Communication Consortium

### Notes to the Financial Statements

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#### ***Net Position Flow Assumption***

Sometimes the Consortium will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Consortium's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### ***Fund Balance Flow Assumptions***

Sometimes the Consortium will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Consortium's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The Consortium itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Consortium that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the Consortium for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in

# Mid-Michigan Area Cable Communication Consortium

## Notes to the Financial Statements

the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board.

### *Use of Estimates*

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

### **Note 2 - Excess of Expenditures over Budget**

#### *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. The budget document presents information by department. The legal level of budgetary control adopted by the governing body is the department level. All annual appropriations lapse at the end of the fiscal year.

The Consortium had no budget exceptions during the year ended December 31, 2021.

### **Note 3 - Deposits and Investments**

At December 31, 2021, the Consortium's cash and investments were as follows:

	<u>Book Balance</u>
Cash and Cash Equivalents	\$ 216,107
Investments	69,685

***Custodial Credit Risk - Deposits.*** Custodial credit risk is the risk that, in the event of a bank failure, the Consortium's deposits might not be returned. State law does not require and the Consortium does not have a policy for deposit custodial credit risk. As of year-end, none of the Consortium's bank balance of \$292,888 was exposed to custodial credit risk.

The Consortium's investment policy does not specifically address this risk, although the Consortium believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Consortium evaluates each

## Mid-Michigan Area Cable Communication Consortium

### Notes to the Financial Statements

financial institution with which it deposits Consortium funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Risk.** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Consortium's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings (Standard and Poors), where applicable, are summarized as follows:

MIClass	Carrying Amount	Type	Rating
	\$ 1,568	MI CLASS	S&P AAAm

**Interest Rate Risk.** Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Consortium's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments held at year-end are summarized as follows:

	Carrying Amount
No Maturity	\$ 1,568
1-5 Years	68,117
<b>Total Investments</b>	<b>\$ 69,685</b>

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the Consortium's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Consortium's investment policies do not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

#### **Fair Value Measurement**

The Consortium categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## Mid-Michigan Area Cable Communication Consortium

### Notes to the Financial Statements

The Consortium has the following recurring fair value measurements as of December 31, 2021:

- Investments held with MICLASS totaled \$1,568. MICLASS is authorized to invest in the same investment types as local units of government in Michigan. These holdings are valued using Level 2 inputs.

#### Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	December 31, 2020 Balance	Additions	Reductions	December 31, 2021 Balance
Capital Assets being Depreciated				
Leasehold Improvements	\$ 178,627	\$ -	\$ -	\$ 178,627
Studio Equipment	144,011	-	-	144,011
Furniture and Fixtures	15,579	-	-	15,579
Total Capital Assets being Depreciated	338,217	-	-	338,217
Less Accumulated Depreciation				
Leasehold Improvements	173,114	682	-	173,796
Studio Equipment	97,897	13,795	-	111,692
Furniture and Fixtures	15,579	-	-	15,579
Total Accumulated Depreciation	286,590	14,477	-	301,067
<b>Capital Assets, Net</b>	<b>\$ 51,627</b>	<b>\$ (14,477)</b>	<b>\$ -</b>	<b>\$ 37,150</b>

#### Note 5 - Leasing Arrangements

The Consortium leases facilities located at 312 W. Michigan Avenue in Mt. Pleasant, Michigan from Red Iron LLC. The lease term is September 30, 2020 through August 31, 2022. The annual lease expense for 2021 was \$18,000. Minimum non-cancelable lease payments will be \$12,000 during 2022.

The Consortium leases facilities located at lower level, Room C of the Pere Marquette District Library at 185 E. 4<sup>th</sup> Street in Clare, Michigan from the Pere Marquette Library. In lieu of cash payment of rent, the Lessee agrees to offer ten hours per month of video services and editing to help promote library events and activities and to expand technology literacy to the community. The value of these services is \$2,250. Video production revenue is recorded equal to the lease payments provided for the lease.

## **Mid-Michigan Area Cable Communication Consortium**

### **Notes to the Financial Statements**

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#### **Note 6 - Risk Management**

The Consortium is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors, and omissions and natural disasters. The risks of loss arising from general liability, property and casualty are managed through purchased commercial insurance.

#### **Note 7 - Subsequent Events**

The Consortium has been affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. Management is in the process of determining if this outbreak will have a significant financial impact on the Consortium's financial statements as the results remain highly uncertain as of April, 2022.

Management is not aware of any additional items that could have a significant effect on the financial condition of the Consortium.



## **Required Supplementary Information**

**Mid Michigan Area Cable Consortium**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Franchise Fees	\$ 189,000	\$ 189,000	\$ 182,790	\$ (6,210)
Grants	10,000	10,000	8,671	(1,329)
Video Production	19,350	19,350	16,383	(2,967)
Interest	2,000	2,000	252	(1,748)
Other	400	400	187	(213)
<b>Total Revenues</b>	<b>220,750</b>	<b>220,750</b>	<b>208,283</b>	<b>(12,467)</b>
<b>Expenditures</b>				
Salaries and Wages	163,376	163,376	132,761	30,615
Contracted Services	2,700	2,700	2,388	312
Professional Fees	8,025	8,025	7,620	405
Supplies	6,600	6,600	6,046	554
Advertising	1,500	1,500	827	673
Utilities	29,800	29,800	29,132	668
Repair and Maintenance	2,500	2,500	1,397	1,103
Rent	26,070	26,070	26,070	--
Training	600	600	59	541
Insurance	5,000	5,000	3,173	1,827
Dues and Fees	800	800	160	640
Other	1,800	1,800	1,571	229
Postage	300	300	223	77
<b>Total Expenditures</b>	<b>249,071</b>	<b>249,071</b>	<b>211,427</b>	<b>37,644</b>
<b>Excess (Deficiency) of Revenues and Over Expenditures</b>	<b>(28,321)</b>	<b>(28,321)</b>	<b>(3,144)</b>	<b>25,177</b>
<b>Net Change in Fund Balance</b>	<b>(28,321)</b>	<b>(28,321)</b>	<b>(3,144)</b>	<b>25,177</b>
<b>Fund Balance at Beginning of Period</b>	<b>332,000</b>	<b>332,000</b>	<b>332,000</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 303,679</b>	<b>\$ 303,679</b>	<b>\$ 328,856</b>	<b>\$ 25,177</b>

April 27, 2022

To the Board of Directors of the  
Mid-Michigan Area Cable Communication Consortium  
Mt. Pleasant, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Mid-Michigan Area Cable Communication Consortium (the "Consortium") for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### ***Significant Audit Findings***

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Consortium are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Consortium during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during the audit.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is 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.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 27, 2022.

### ***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 Board 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 Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Consortium's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Other Matters***

We applied certain limited procedures to management's discussion and analysis and to the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

***Restriction on Use***

This information is intended solely for the use of members of the Board of Directors and management of the Mid-Michigan Area Cable Communication Consortium and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC  
Grand Rapids, MI