

**MID-MICHIGAN AREA CABLE
COMMUNICATION CONSORTIUM**

Mt. Pleasant, Michigan

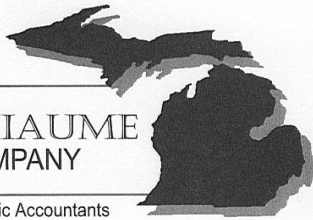
FINANCIAL STATEMENTS

December 31, 2023

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Mid-Michigan Area Cable Communication Consortium as of and for the year ended December 31, 2023, 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 major fund of Mid-Michigan Area Cable Communication Consortium as of December 31, 2023, 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 our Financial Statements section of our report. We are required to be independent of Mid-Michigan Area Cable Communication 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about Mid-Michigan Area Cable Communication 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 substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on 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 Mid-Michigan Area Cable Communication 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 Mid-Michigan Area Cable Communication 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 (pages 4 through 6) and budgetary comparison information (page 19) 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, 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.

Berthiaume & Co.

Saginaw, Michigan
June 7, 2024

MANAGEMENT'S DISCUSSION and ANALYSIS

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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 fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Using this Report:

This annual report consists of three parts (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The basic financial statements include information that presents two different views of the Consortium.

- The first column of the financial statements includes information on the Consortium's General Fund under the modified accrual method. These fund financial statements focus on current financial resources and provide a more detailed view about the accountability of the Consortium's sources and uses of funds.
- The adjustments column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method of accounting.
- The third column presents the Consortium's operations on a full accrual basis, which provides both long- and short-term information about the Consortium's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Consortium as a whole and present a longer-term view of the Consortium's finances.

The following table shows comparisons of total assets, total liabilities, and total net position in a condensed format for the government-wide net position as of December 31, 2023 and December 31, 2022.

	<i>Governmental Activities</i>	
	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 298,302	\$ 329,673
Capital assets, net	<u>28,036</u>	<u>27,106</u>
Total assets	<u>326,338</u>	<u>356,779</u>
Liabilities:		
Current liabilities	<u>12,060</u>	<u>11,163</u>
Net Position:		
Investment in capital assets	28,036	27,106
Unrestricted	<u>286,242</u>	<u>318,510</u>
Total net position	<u>\$ 314,278</u>	<u>\$ 345,616</u>

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The following table shows the comparison of the change in net position in a condensed format for the government-wide statement of activities for the years ended December 31, 2023 and December 31, 2022.

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues		
Franchise fees	\$ 172,731	\$ 182,135
Video production	14,943	12,765
Operating contributions and grants	2,465	11,702
General revenues		
Investment earnings	<u>5,722</u>	<u>335</u>
Total revenues	<u>195,861</u>	<u>206,937</u>
Expenses:		
General government	219,656	217,283
Depreciation	<u>7,543</u>	<u>10,044</u>
Total expenses	<u>227,199</u>	<u>227,327</u>
Change in net position	(31,338)	(20,390)
Net position, beginning of year	<u>345,616</u>	<u>366,006</u>
Net position, end of year	<u>\$ 314,278</u>	<u>\$ 345,616</u>

THE CONSORTIUM AS A WHOLE:

- The Consortium reports net position of \$314,278 for the fiscal year ended December 31, 2023 on a full accrual basis, as compared to a fund balance of \$286,242 on the modified accrual basis of accounting.
- The Consortium's primary source of revenue is from franchise fees from participating units. For fiscal year 2023, franchise fees from participating units were \$172,731. This represents 88 percent of total revenue.
- The Consortium's conversion to meet GASB Statement No. 34 standards, which includes capitalization of Consortium-owned assets and associated depreciation expense, is reflected in the statement of net position and statement of activities on pages 8 and 9 of this report.

THE CONSORTIUM'S FUND:

Presentation of the Consortium's General Fund is included on pages 8 and 9 in the first column of the respective statements. The fund column provides detailed information about the General Fund on a modified accrual method, which is a short-term perspective measuring the flow of financial resources, not the Consortium's operations on a full accrual basis of accounting, which provides a longer-term measurement of total economic resources. The Consortium's only fund is the General Fund. Fund balance decreased by \$32,268 for the year.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Consortium Budgetary Highlights:

The Consortium's budget, as originally adopted, projected a decrease in fund balance of \$36,624. During the year, the Consortium made budget amendments to expenditures, but did not change the projected decrease in fund balance. The actual results for the fiscal year yielded a decrease in fund balance of \$32,268.

Capital Assets and Debt Administration:

At December 31, 2023, the Consortium had \$28,036 invested in capital assets including land, buildings and improvements, equipment and vehicles, net of accumulated depreciation. At December 31, 2022, this total was \$27,106. Additional information about the Consortium's capital assets is presented in Note 1 and Note 5 of the Notes to the Financial Statements.

At December 31, 2023, the Consortium had no long-term debt.

Economic Factors and Next Year's Budget:

The Consortium Board has adopted a budget for 2024, with revenues of \$198,750 and expenditures of \$240,854. The budget projects a decrease in fund balance of \$42,104.

Contacting the Consortium Board District's Management:

This financial report is intended to provide our member units and citizens with a general overview of the Consortium's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the Administration Director at 312 W. Michigan Street, Mt. Pleasant, MI 48858.

BASIC FINANCIAL STATEMENTS

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2023

	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 252,692	\$ -	\$ 252,692
Investments	1,680	-	1,680
Accounts receivable	41,180	-	41,180
Prepaid expenditures/expenses	2,750	-	2,750
Capital assets being depreciated, net	<u>-</u>	<u>28,036</u>	<u>28,036</u>
Total assets	<u>\$ 298,302</u>	<u>\$ 28,036</u>	<u>\$ 326,338</u>
Liabilities and Fund Balance:			
<i>Liabilities:</i>			
Accounts payable	\$ 2,505	-	2,505
Accrued expenses	3,880	-	3,880
Accrued wages payable	<u>5,675</u>	<u>-</u>	<u>5,675</u>
Total liabilities	<u>12,060</u>	<u>-</u>	<u>12,060</u>
<i>Fund Balance:</i>			
Nonspendable:			
Prepaid expenditures	2,750	(2,750)	-
Unassigned	<u>283,492</u>	<u>(283,492)</u>	<u>-</u>
Total fund balance	<u>286,242</u>	<u>(286,242)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 298,302</u>		
Net Position:			
Investment in capital assets		28,036	28,036
Unrestricted		<u>286,242</u>	<u>286,242</u>
Total net position		<u>\$ 314,278</u>	<u>\$ 314,278</u>

The accompanying notes are an integral part of these financial statements.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

STATEMENT OF GOVERNMENTAL REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	<u>General Fund</u>	<u>Adjustments (Note 8)</u>	<u>Statement of Activities</u>
Revenues:			
Franchise fees	\$ 172,731	\$ -	\$ 172,731
Grants	2,465	-	2,465
Video production	14,943	-	14,943
Interest	5,722	-	5,722
Total revenues	<u>195,861</u>	<u>-</u>	<u>195,861</u>
Expenditures/Expenses:			
General government	219,656	-	219,656
Depreciation	-	7,543	7,543
Capital outlay	8,473	(8,473)	-
Total expenditures/expenses	<u>228,129</u>	<u>(930)</u>	<u>227,199</u>
Change in fund balance/net position	(32,268)	930	(31,338)
Fund balance/Net position, beginning of year	<u>318,510</u>	<u>27,106</u>	<u>345,616</u>
Fund balance/Net position, end of year	<u>\$ 286,242</u>	<u>\$ 28,036</u>	<u>\$ 314,278</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mid-Michigan Area Cable Communication Consortium (“Consortium”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

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.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information of all activities of the Consortium. Mid-Michigan Area Cable Communication Consortium is accounted for in one governmental type fund. As permitted by GASB Statement No. 34, the Consortium uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Position/Governmental Fund Balance Sheet and the Statement of Activities/Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The Consortium’s major fund, the General Fund, is reported in a separate column in the aforementioned financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The Consortium’s General Fund is budgeted and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Consortium considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Service contract revenue, if any, meets the availability criterion and is accrued as of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

In addition to presenting information for the General Fund on the modified accrual basis (as budgeted), the financial statements present information for the Consortium 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Assets, Liabilities and Net Position/Fund Balance:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The investment policy adopted by the Consortium Board is in accordance with Public Act 20 of 1943, as amended. The Consortium’s deposits and investments have been made in accordance with statutory authority.

Receivables – All receivables, if any, are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial at year end.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Consortium defines capital assets as assets with an initial individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

Furniture and fixtures	5-10 years
Leasehold improvements	10-15 years
Studio equipment	5-10 years

Deferred Outflows/Inflows of Resources – 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, deferred outflows of resources, 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.

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, deferred inflows of resources, 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. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

Net Position Flow Assumptions – 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 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 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.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 – 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 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 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The budget shall be prepared on a basis consistent with the modified accrual basis of accounting which is used to reflect actual results. The General Fund is under formal budgetary control. Unexpended appropriations lapse at year end.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Excess of Expenditures over Appropriations in Budgeted Funds:

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year, the Consortium did not incur expenditures in excess of the amounts budgeted.

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Consortium's deposits may not be returned. The Consortium does not have a deposit policy for custodial credit risk. At year-end, the Consortium had \$256,602 of bank deposits, which was covered by federal depository insurance.

Interest Rate Risk – Investments – Interest rate risk is the risk that the value of fixed income investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. 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. At year end, the average maturities of fixed income security investments are as follows:

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 Year</u>
Investment Pool - Michigan CLASS	\$ 1,680	\$ 1,680

Credit Risk – Investments – State law limits investments to specific government securities, certificates of deposit 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. The Consortium's investment policy does not have specific limits in excess of state law on investment credit risk. At year end, the credit quality ratings of fixed income securities are as follow:

<u>Investment Type</u>	<u>Market Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Investment Pool - Michigan CLASS	\$ 1,680	AAAm	S&P

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Consortium does not have a policy for investment custodial credit risk. At year end, none of the Consortium's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the Consortium and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the Consortium's name

NOTE 4: FAIR VALUE MEASUREMENTS

Fair Value Measurements – 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 assets. 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.

The Consortium has \$1,680 invested with the Michigan Cooperative Liquid Assets Security System (Michigan CLASS). Michigan CLASS is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS funds are authorized to invest in U.S. Treasuries, U.S. Agencies, commercial paper, bankers' acceptances, repurchase agreements, certificates of deposit, and mutual funds. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1. Fair value of the Consortium's position in the government investment pool is the same as the value of the Michigan CLASS pool shares.

Michigan CLASS (money market mutual fund) is recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under Governmental Accounting Standards Board (GASB) Statement No. 72. The funds do not require notification of redemptions.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: CAPITAL ASSETS

Capital assets activity of the Consortium's governmental activities for the year ended December 31, 2023 was as follows:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2023</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 15,579	\$ -	\$ -	\$ 15,579
Leasehold improvements	178,627	-	-	178,627
Studio equipment	144,011	8,473	(13,224)	139,260
Total capital assets being depreciated	<u>338,217</u>	<u>8,473</u>	<u>(13,224)</u>	<u>333,466</u>
Less accumulated depreciation for:				
Furniture and fixtures	(15,579)	-	-	(15,579)
Leasehold improvements	(174,478)	(682)	-	(175,160)
Studio equipment	(121,054)	(6,861)	13,224	(114,691)
Total accumulated depreciation	<u>(311,111)</u>	<u>(7,543)</u>	<u>13,224</u>	<u>(305,430)</u>
Capital assets being depreciated, net	<u>27,106</u>	<u>930</u>	<u>-</u>	<u>28,036</u>
Governmental activities, capital assets, net	<u>\$ 27,106</u>	<u>\$ 930</u>	<u>\$ -</u>	<u>\$ 28,036</u>

Depreciation, charged to general government expense, for the year ended December 31, 2023 was \$7,543.

NOTE 6: LEASING ARRANGEMENTS

The Consortium leases facilities located at 312 W. Michigan Avenue in Mt. Pleasant, Michigan from Red Iron LLC. The monthly lease payments are \$1,500 and the lease is on a month-to-month basis. The annual lease expense for 2023 was \$18,000.

The Consortium leases facilities located at 122 North Mill Street in Saint Louis, Michigan from Nannans Properties. The monthly lease payments are \$485 and the lease is on a month-to-month basis. The annual lease expense for 2023 was \$5,820.

The Consortium leases facilities located at lower level, Room C of the Pere Marquette District Library at 185 E. 4th Street in Clare, Michigan from the Pere Marquette Library. In lieu of cash payment of rent, the Consortium 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 recognized and recorded equal to the lease payments provided for the lease.

NOTE 7: RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to property loss, torts, theft, damage and destruction of property, errors and omissions, employee injuries (workers compensation) and natural disasters. The Consortium manages these risks by obtaining commercial insurance coverage for these types of claims. There have been no settlements that exceeded insurance coverage in the past three fiscal years.

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 8: RECONCILIATION OF FUND/GOVERNMENT-WIDE FINANCIAL STATEMENTS

Following is the explanation of differences between the fund (modified accrual) balance sheet and the government-wide statement of net position.

Fund balance of governmental fund	\$ 286,242
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Net position reported for governmental activities in the statement of net position is different because:

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

Capital assets not being depreciated	-
Capital assets being depreciated, net	<u>28,036</u>

Net position of governmental activities	<u>\$ 314,278</u>
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Following is the explanation of differences between the fund (modified accrual) statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

Change in fund balance of governmental fund	\$ (32,268)
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Change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Purchases/Construction of capital assets	8,473
Depreciation expense	<u>(7,543)</u>

Change in net position of governmental activities	<u>\$ (31,338)</u>
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REQUIRED SUPPLEMENTARY INFORMATION

MID-MICHIGAN AREA CABLE COMMUNICATION CONSORTIUM

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2023

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
Revenues:				
Franchise fees	\$ 188,200	\$ 188,200	\$ 172,731	\$ (15,469)
Grants	2,500	2,500	2,465	(35)
Video production	16,250	16,250	14,943	(1,307)
Interest	<u>500</u>	<u>500</u>	<u>5,722</u>	<u>5,222</u>
Total revenues	<u>207,450</u>	<u>207,450</u>	<u>195,861</u>	<u>(11,589)</u>
Expenditures:				
General government	244,074	235,601	219,656	15,945
Capital outlay	<u>-</u>	<u>8,473</u>	<u>8,473</u>	<u>-</u>
Total expenditures	<u>244,074</u>	<u>244,074</u>	<u>228,129</u>	<u>15,945</u>
Change in fund balance	(36,624)	(36,624)	(32,268)	4,356
Fund balance, beginning of year	<u>318,510</u>	<u>318,510</u>	<u>318,510</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 281,886</u></u>	<u><u>\$ 281,886</u></u>	<u><u>\$ 286,242</u></u>	<u><u>\$ 4,356</u></u>