
Birmingham Area Cable Board

**Financial Report
with Supplemental Information
June 30, 2019**

Birmingham Area Cable Board

Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Basic Financial Statements	
General Fund Balance Sheet/Statement of Net Position	6
Statement of General Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities	7
Notes to Financial Statements	8-14
Required Supplemental Information	15
Budgetary Comparison Schedule - General Fund	16
Note to Required Supplemental Information	17

Independent Auditor's Report

To the Board Members
Birmingham Area Cable Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Birmingham Area Cable Board (the "Board") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Birmingham Area Cable Board'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 opinions on these financial statements based on our audit. We conducted our audit 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 respective financial position of the governmental activities and the General Fund of Birmingham Area Cable Board as of June 30, 2019 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board Members
Birmingham Area Cable Board

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General Fund budgetary comparison schedule 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.

Plante & Moran, PLLC

December 18, 2019

Birmingham Area Cable Board

Management's Discussion and Analysis

Our discussion and analysis of Birmingham Area Cable Board's (the "Board") financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Board's financial statements.

Using This Annual Report

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

- The first column of the financial statements includes information on the Board'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 Board'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 Board's operations on a full accrual basis, which provides both long- and short-term information about the Board's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances.

Condensed Financial Information

The following tables show key financial information in a condensed format for the government-wide statements of net position and activities:

	2019	2018
Assets		
Current and other assets	\$ 1,513,665	\$ 1,478,908
Capital assets - Net	190,007	200,507
Total assets	1,703,672	1,679,415
Liabilities - Accounts payable	15,143	483
Net Position		
Net investment in capital assets	190,007	200,507
Restricted for public, education, and government (PEG)	1,011,185	1,012,924
Unrestricted	487,337	465,501
Total net position	\$ 1,688,529	\$ 1,678,932

Birmingham Area Cable Board

Management's Discussion and Analysis (Continued)

	2019	2018
Revenue		
Franchise fees	\$ 377,659	\$ 386,791
PEG fees	399,084	428,313
Other revenue	32,303	10,973
Total revenue	809,046	826,077
Expenditures		
PEG operations	411,322	537,123
Board expenditures	388,127	615,749
Total expenditures	799,449	1,152,872
Net Change in Net Position	9,597	(326,795)
Net Position - Beginning of year	1,678,932	2,005,727
Net Position - End of year	<u><u>\$ 1,688,529</u></u>	<u><u>\$ 1,678,932</u></u>

The Board as a Whole

- The Board reports a net position of \$1,688,529 this year on a full accrual basis, as compared to a fund balance of \$1,485,596 on the modified accrual basis of accounting.
- The Board recorded accounts payable of \$15,143 in the current year and \$483 in the prior year.
- The Board's primary source of revenue is from franchise and PEG fees. For 2019, total fees collected were \$776,743. This represents approximately 96.0 percent of total revenue.
- The largest expenditure of the Board, other than the issuance of grants, is for the agreement with Bloomfield Community Television (BCTV). For 2019, this expenditure was \$216,400, representing approximately 27.4 percent of the General Fund's total expenditures.
- Expenses for PEG operations decreased by \$125,801, or 23.4 percent. This decrease is primarily due to a decrease in capital purchases in the current year.
- Expense for board operations decreased by \$227,622, or 37 percent. This decrease is primarily due to less administrative grants sent to the communities.
- Total expenditures for the entire year under the modified accrual basis of accounting were \$788,949.

The General Fund

Our analysis of the Board's General Fund is included on pages 6 and 7 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 Board's operations, on a full accrual basis of accounting, which provides a longer-term measurement of total economic resources. The Board's only fund is the General Fund. The fund balance of the General Fund increased by \$23,847 during the year.

Board Budgetary Highlights

The Board's budget for revenue for 2019 was \$718,225, with actual revenue coming in at \$812,796. Franchise fees came in higher than anticipated, and PEG fees came in lower than anticipated. On the expenditure side, the total budget was \$935,155, and actual expenditures were \$788,949. The variance is primarily due to fewer expenditures for professional fees, cable contractor, and municipal support services.

Birmingham Area Cable Board

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

At year end, the Board had \$190,007 invested in the production van and equipment. In 2019, the Board had \$19,388 of additions and no disposals of equipment.

The Board carries no long-term debt.

Economic Factors and Next Year's Budgets and Rates

The Board's revenue budget for fiscal year 2020 decreased from the fiscal year 2019 results. Although actual revenue for fiscal year 2019 came in 13.2 percent more than forecasted, the Board believes consumer spending on traditional cable television will flatten due to upward pricing by cable carriers stimulating substitution (e.g., internet television viewing and increased popularity and availability of streaming services, which are not subject to the requirement to pay PEG fees). The Board is projecting that PEG revenue will decrease due to new rules promulgated by the Federal Communications Commission (FCC) that will potentially allow cable providers to offset certain costs against PEG fees paid to local communities. The Board will continue to exercise fiscal discipline with respect to board operating expenses, resulting in a return of uncommitted franchise fee revenue to each of the participating municipalities at the end of the fiscal year as a dividend from shared municipal services. PEG revenue will be managed in accordance with parameters outlined in applicable state and federal statutes.

Requests for Further Information

If you have questions about this report or need additional information, we welcome you to contact Cathy White at 248-336-9445 or via email at info@birminghamareacableboard.org.

Birmingham Area Cable Board

General Fund Balance Sheet/Statement of Net Position

June 30, 2019

	General Fund - Modified Accrual Basis	Adjustments (Note 7)	Statement of Net Position - Full Accrual Basis
Assets			
Cash and investments (Notes 2 and 3)	\$ 1,061,624	\$ -	\$ 1,061,624
Amount on deposit at the Village of Beverly Hills, Michigan (Note 4)	262,088	-	262,088
Due from service providers for franchise and PEG fees	187,545	-	187,545
Other receivables	2,408	-	2,408
Capital assets - Net (Note 5)	-	190,007	190,007
	<u>\$ 1,513,665</u>	190,007	1,703,672
Liabilities - Accounts payable	\$ 15,143	-	15,143
Deferred Inflows of Resources - Unavailable revenue	12,926	(12,926)	-
Equity			
Fund balance:			
Restricted - Public, education, and government	1,004,722	(1,004,722)	-
Committed - Franchise fees to communities	270,305	(270,305)	-
Unassigned	210,569	(210,569)	-
	<u>1,485,596</u>	<u>(1,485,596)</u>	<u>-</u>
	<u>\$ 1,513,665</u>		
Net position:			
Net investment in capital assets		190,007	190,007
Restricted for public, education, and government		1,011,185	1,011,185
Unrestricted		487,337	487,337
		<u>1,688,529</u>	<u>1,688,529</u>
		<u>\$ 1,688,529</u>	<u>\$ 1,688,529</u>

Birmingham Area Cable Board

Statement of General Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities

Year Ended June 30, 2019

	General Fund - Modified Accrual Basis	Adjustments (Note 7)	Statement of Activities - Full Accrual Basis
Revenue			
Franchise fees:			
Birmingham, Michigan	\$ 232,580	\$ -	\$ 232,580
Beverly Hills, Michigan	95,512	-	95,512
Franklin Village, Michigan	33,780	(1,509)	32,271
Bingham Farms, Michigan	17,296	-	17,296
PEG fees:			
Birmingham, Michigan	246,331	-	246,331
Beverly Hills, Michigan	102,123	-	102,123
Franklin Village, Michigan	35,255	(2,241)	33,014
Bingham Farms, Michigan	17,616	-	17,616
Other revenue	32,303	-	32,303
Total revenue	812,796	(3,750)	809,046
Expenditures			
PEG operations:			
Cable contractor	216,400	-	216,400
Communications expense	1,690	-	1,690
Grant	111,181	-	111,181
Production truck	1,958	(1,310)	648
Program expense	51,167	-	51,167
Equipment	18,426	(18,078)	348
Depreciation	-	29,888	29,888
Board expenditures:			
Administrative grants	293,491	-	293,491
Conferences	2,157	-	2,157
Contract labor	824	-	824
Executive director	38,058	-	38,058
Liability insurance	1,847	-	1,847
Memberships	125	-	125
Operating expense	16,811	-	16,811
Professional fees	22,355	-	22,355
Advertising/Promotion	1,286	-	1,286
Municipal support services	11,173	-	11,173
Total expenditures	788,949	10,500	799,449
Net Change in Fund Balance/Net Position	23,847	(14,250)	9,597
Fund Balance/Net Position - Beginning of year	1,461,749	217,183	1,678,932
Fund Balance/Net Position - End of year	<u>\$ 1,485,596</u>	<u>\$ 202,933</u>	<u>\$ 1,688,529</u>

June 30, 2019

Note 1 - Significant Accounting Policies

Reporting Entity

Birmingham Area Cable Board (the "Board") was created through an interlocal agreement between the City of Birmingham, Michigan and the villages of Beverly Hills, Bingham Farms, and Franklin, Michigan (collectively, the "Parties"). The Board was organized to obtain for the Parties the economies of scale implicit in combining cable revenue and sharing cable expenses, rather than independently operating separate facilities. The Board is composed of 13 members: seven representatives are appointed by the City of Birmingham, Michigan; four representatives are appointed by the Village of Beverly Hills, Michigan; one representative is from the Village of Bingham Farms, Michigan; and one representative is from the Village of Franklin, Michigan. The accompanying financial statements present Birmingham Area Cable Board's assets and liabilities. No other component units have been combined into the Board's basic financial statements.

Accounting and Reporting Principles

The Board follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Board:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The General Fund column presents its activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full 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.

Fund Accounting

The Board accounts for its activities in one governmental fund. The General Fund is the primary operating fund and accounts for all financial resources used to provide services.

Basis of Accounting

The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Board has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Board considers amounts collected within 60 days of year end to be available for recognition. Some franchise and PEG fee revenue may be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

PEG Activity

The Board has established two channels, one for public and a second for government broadcast. The Birmingham Public School District operates a third educational channel. The three channels are commonly referred to as PEG channels. The public and governmental channels are administered by the Board, and the educational channel is administered by the Birmingham Public School District. In order to fund the administration of the public and governmental channels, the Board receives financial support in the form of PEG fees from its cable providers in the amount of 2 to 3 percent of the cable providers' gross revenue in each community. By state and federal law, these funds are restrictively dedicated for use on PEG-related projects. A portion of these PEG fees can be and is allocated to the Parties and Birmingham Public School District upon a grant request. The unused portion as of the end of the year has been classified as restricted fund balance/net position.

Capital Assets

Capital assets, which include equipment and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial individual cost of more than \$500 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. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Depreciable Life</u>
Production van	5 to 20 years
Equipment	5 to 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Board had no deferred outflows of resources.

In addition to liabilities, the statement of net position and/or balance sheet 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 future periods and 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. Unavailable revenue is reported only on the General Fund balance sheet. The General Fund reports unavailable revenue from franchise and PEG fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

The Board will sometimes fund outlays for PEG purposes from both restricted 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 Board's policy to consider PEG restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

The Board will sometimes fund outlays for PEG purposes 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 Board's policy to consider PEG restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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 the General Fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board 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 Board's highest level of decision-making authority. The board members are the highest level of decision-making authority for the Board that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board members may also assign fund balance as they do 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.

The Board has also adopted the following fund balance policies:

Franchise Fees

In any given year, the policy is to administratively grant back to the communities 95 percent of the previous year's audited franchise fee revenue in excess of board expenditures.

PEG Fees

The Board should carry a PEG fund balance equal to 0.75 times accumulated net depreciation of its capital assets, plus an amount equal to one-half of a three-year running average of PEG grants plus three months of Bloomfield Community Television and programming expense.

Grants

In addition to its two-channel (public and governmental) programming, the Board allocates PEG fees to the member communities or Birmingham Public School District upon a grant request. These grants are reported in the financial statements as operating grants. Unused franchise fees collected by the Board are returned to the Parties annually on a pro rata basis in accordance with the Board's franchise fee fund balance policy. The return of unused franchise fees is reported in the financial statements as administrative grants.

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Note 2 - 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 law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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.

The Board has designated one broker-dealer and one credit union for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Board's deposits and investments are in accordance with statutory authority.

The Board's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a credit union or counterparty failure, the Board's deposits may not be returned to it. The Board does have an investment policy that addresses custodial credit risk. At year end, the Board had no uninsured or uncollateralized deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Board's investment policy requires structuring the maturities of the portfolio to meet cash requirements, investing in short-term securities of investment pools, and purchasing securities with the intent to hold to maturity.

At year end, the Board had the following investments and maturities:

Investment	Carrying Value	Less Than 1 Year	1-5 Years
Negotiable certificates of deposit	\$ 1,020,557	\$ 492,945	\$ 527,612

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Board's investment policy does not further limit its investment choices. As of June 30, 2019, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Negotiable certificates of deposit	\$ 1,020,557	N/A	Not Rated

Concentration of Credit Risk

The Board's investment policy minimizes concentration of credit risk by placing a limit on the amount it may invest in any one issuer, the maximum being limited to available FDIC insurance. More than 5 percent of the Board's investments are in negotiable certificates of deposit; these investments are 100 percent of the Board's total investments. While the Board does have certain issuers that are more than 5 percent of the Board's investments, no one issuer is over the FDIC insurance limit.

Note 3 - Fair Value Measurements

The Board 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. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Board's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Board has the following recurring fair value measurements as of June 30, 2019:

- Negotiable certificates of deposit of \$1,020,557 are valued using a matrix pricing model (Level 2 inputs).

The Board did not have any investments valued with Level 1 or 3 inputs at June 30, 2019.

Note 4 - Amount on Deposit at the Village of Beverly Hills

Franchise fees and PEG fees collected by the Parties are remitted to the Village of Beverly Hills, Michigan. The Village of Beverly Hills, Michigan uses the franchise fees to pay for certain of the Board's monthly expenditures and periodically remits the balance to the Board.

Note 5 - Capital Assets

Capital asset activity of the Board's governmental activities was as follows:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets being depreciated:				
Equipment	\$ 238,658	\$ 19,388	\$ -	\$ 258,046
Production van	973,339	-	-	973,339
Subtotal	1,211,997	19,388	-	1,231,385
Accumulated depreciation	1,011,490	29,888	-	1,041,378
Net capital assets	<u>\$ 200,507</u>	<u>\$ (10,500)</u>	<u>\$ -</u>	<u>\$ 190,007</u>

Note 6 - Risk Management

The Board is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Board has purchased commercial insurance for claims relating to general liability and property. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

Note 7 - Reconciliation of General Fund Column to the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the General Fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balance Reported in General Fund	\$ 1,485,596
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the General Fund	190,007
Receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the General Fund	<u>12,926</u>
Net Position of Governmental Activities	<u>\$ 1,688,529</u>

June 30, 2019

Note 7 - Reconciliation of General Fund Column to the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the General Fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balance Reported in General Fund	\$ 23,847
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	19,388
Depreciation expense	(29,888)
Revenue is recorded in the statement of activities when earned; it is not reported in the General Fund until collected or collectible within 60 days of year end	<u>(3,750)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 9,597</u></u>

Required Supplemental Information

Birmingham Area Cable Board

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Franchise fees:				
Birmingham, Michigan	\$ 185,000	\$ 185,000	\$ 232,580	\$ 47,580
Beverly Hills, Michigan	51,000	51,000	95,512	44,512
Franklin Village, Michigan	20,000	20,000	33,780	13,780
Bingham Farms, Michigan	9,000	9,000	17,296	8,296
PEG fees:				
Birmingham, Michigan	285,000	285,000	246,331	(38,669)
Beverly Hills, Michigan	115,000	115,000	102,123	(12,877)
Franklin Village, Michigan	29,000	29,000	35,255	6,255
Bingham Farms, Michigan	17,000	17,000	17,616	616
Other revenue	7,225	7,225	32,303	25,078
Total revenue	718,225	718,225	812,796	94,571
Expenditures				
PEG operations:				
Cable contractor	245,800	245,800	216,400	29,400
Communications expense	2,500	2,500	1,690	810
Grant	101,000	115,000	111,181	3,819
Production truck	40,000	10,000	1,958	8,042
Program expense	53,925	53,925	51,167	2,758
Equipment	10,000	40,000	18,426	21,574
Board expenditures:				
Administrative grants	102,061	293,491	293,491	-
Conferences	3,200	3,200	2,157	1,043
Contract labor	2,000	2,000	824	1,176
Executive director	40,000	40,000	38,058	1,942
Liability insurance	5,000	5,000	1,847	3,153
Memberships	1,500	1,500	125	1,375
Operating expense	14,761	26,261	16,811	9,450
Professional fees	42,478	42,478	22,355	20,123
Advertising/Promotion	3,000	3,000	1,286	1,714
Municipal support services	51,000	51,000	11,173	39,827
Total expenditures	718,225	935,155	788,949	146,206
Net Change in Fund Balance	-	(216,930)	23,847	240,777
Fund Balance - Beginning of year	1,461,749	1,461,749	1,461,749	-
Fund Balance - End of year	<u>\$ 1,461,749</u>	<u>\$ 1,244,819</u>	<u>\$ 1,485,596</u>	<u>\$ 240,777</u>

June 30, 2019

Budgetary Information

The annual budget is prepared by the executive director and adopted by the Board on a line-item basis; subsequent amendments are approved by the Board. The individual line items in the adopted budget are the legal level of budgetary control. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2019 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.