WGLT-FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ILLINOIS STATE UNIVERSITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the years ended June 30, 2016 and 2015

WGLT-FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY
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Sulaski & Webb
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Mr. RC McBride
WGLT-FM Radio
Bloomington, Illinois

We have audited the accompanying financial statements of the business-type activities of WGLT-FM Radio (a public telecommunications entity operated by Illinois State University) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

SUITE 203, THE ILLINOIS HOUSE 207 W. JEFFERSON, P.O. BOX 3305 BLOOMINGTON, ILLINOIS 61702, (309) 828-6071, FAX (309) 827-2465

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WGLT-FM Radio as of June 30, 2016 and 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, SURS schedule of the employer's proportionate share of the net pension liability on page 25, and SURS schedule of employer contributions on page 26 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WGLT-FM Radio's basic financial statements. The statements of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sulaski + Webb

Sulaski and Webb
Certified Public Accountants

January 9, 2017

WGLT PUBLIC STATION
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of WGLT public radio station for the year ended June 30, 2016. Management of the station has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

WGLT is licensed to Illinois State University, an instrumentality of the State of Illinois, which is governed by a Board of Trustees, all of whom are appointed by the Governor and ratified by the Legislature, plus the president of Illinois State University.

The station's primary function is to provide noncommercial educational audio programming to the citizens of Central Illinois. From a main transmitter in Bloomington/Normal, with a translator in Peoria, the radio signal reaches an estimated 400,000 population; out of that number approximately 20-25,000 listen each week. Contributing membership consists of approximately 1,600 households.

From 1992 to 2013, WGLT's format consisted primarily of "news, blues and all that jazz." Because of declining listenership and membership revenue for daytime jazz programming over a five year period, and using additional listener research done in 2010, station management made the decision to replace daytime jazz with news and information programming, effective 8/5/13. In conjunction with this format shift, the station's new positioning statement became "news and ideas." That has since become a secondary positioning statement, and has been replaced by the more straightforward "89-1 GLT and WGLT.org, Bloomington-Normal's Public Media."

WGLT has provided an Internet webstream of its on-air programming since 2000, and also offers three music-only, 24/7 audio streaming services: blues, jazz, and folk. WGLT continues to increase its text, photo, and audio news and feature reporting offerings, including several regularly scheduled podcasts, on its own website (wglt.org) as well as on mainstream social media platforms such as Facebook and Twitter.

During the last decade, listenership, digital engagement, and local individual and business support have grown. Since FY 2004, locally generated funding (including annual listener support, local business underwriting, and net income from station events and fundraising activities) has equaled approximately 50% of the annual cash income. WGLT celebrated its 50th year on the air in 2016.

Overview of the Financial Statements

The station's financial statements present the combined current year activity of WGLT, including income and expenses from Illinois State University, the Corporation for Public Broadcasting, the State of Illinois, local businesses, local events, and listener contributions. Some of these cash flows are handled through the Illinois State University Foundation, an entity legally separate from Illinois State University.

The financial statements for WGLT, which consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flow (direct method), were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The station now follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of the station's financial activities and replaces the fund group presentation previously required.

Overview of the Financial Statements – continued

The Statement of Net Position includes Assets, Liabilities and Net Position of the Station as of June 30, 2016. This statement is classified into Current and Non-Current Assets and Liabilities, with Net Operating Income (Loss), which is then combined with Non-Operating Revenues (Expenses) to provide the total Change in Net Position. The Statement of Cash Flows shows the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities and cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Highlights

For the first time in several years, the financial position of radio station WGLT at June 30, 2016 has begun to improve. While there were slight downturns in federal funding and in local event-based fundraising, those were more than offset by substantial improvements in both corporate support and individual giving. Cuts were made to the station's national programming inventory starting in October 2015 reducing operating expenses, and the full impact from those and additional reductions should be seen in FY 2016. Finally, a one time gift from Illinois State' School of Communication (of which WGLT is a division) in October 2015 to assist with paying national programming costs also contributed to the WGLT's revenue. These factors combined to lead to an increase in WGLT's net position of nearly $130,000.

Nearly the entire increase in individual giving was the result of a successful effort to raise $65,000 to replace our aging antenna, which had been on the brink of permanent failure for more than a year following repeated lightning strikes. The antenna finally failed in November 2016, and is in the process of being replaced as of this writing. There were no substantial unforeseen expenses during FY 2016.

The station continued to add to three endowments, administered by the ISU Foundation, that were created in the fiscal year 2012. See page 23 – 24, Note 12.

There were two employee retirements and one employee resignation during the FY 2016, though neither led to expense savings. Rather, those funds were redistributed either to new employees, to existing employees taking on additional job responsibilities, or are budgeted to go to three employees impacted should the new FLSA overtime rule be upheld. WGLT staff, like most University personnel, did not receive a merit salary increase during the year.

Net Position totaled $193,358 for the year ended June 30, 2016 (FY 2016) and $64,098 for the year ended June 30, 2015 (FY 2015). Net Position at end of year increased by $129,260 in FY 2016 compared to a decrease of $154,285 in FY 2015. Operating Revenues totaled $1,884,593 in FY 2016, compared to $1,645,912 in FY 2015, while Operating Expenses totaled $1,754,860 in FY 2016 compared to $1,812,890 in FY 2015. The net operating income for FY 2016 was $129,733, compared to a net loss for FY 2015 of $166,978.

The station's property and equipment, net of accumulated depreciation, totaled $142,073 at June 30, 2016.

Financial Analysis of the Statements

The Station's condensed financial statements for FY 2016 and 2015 are presented on the current and following pages.

Condensed Statement of Net Position

	2016	2015
ASSETS		
Current assets	$ 214,877	$ 59,455
Noncurrent assets	102,397	105,211
Property and equipment, net	142,073	153,968
Total assets	459,347	318,634
DEFERRED OUTFLOWS OF RESOURCES	11,165	16,682
LIABILITIES		
Current liabilities	277,154	271,218
Noncurrent liabilities	-	-
Total liabilities	277,154	271,218
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Invested in capital assets, net of related debt	142,073	153,968
Restricted for:		
Equipment	64,255	-
Other – nonexpendable endowment	100,580	105,179
Other – expendable endowment	1,817	33
Unrestricted	(115,367)	(195,082)
Total net position	$ 193,358	$ 64,098

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2016	2015
State appropriations – operations	$ 336,461	$ 321,280
On-behalf of state – general	218,610	215,786
Other operating revenues	1,329,522	1,108,846
Operating expenses:		
National Programming	(183,792)	(188,693)
Local and Other Programming	(645,719)	(657,782)
Broadcasting	(176,486)	(183,226)
Program Information	(83,394)	(63,081)
Underwriting and grant solicitation	(119,482)	(132,611)
Fundraising and membership development	(292,891)	(309,267)
Management and general	(253,096)	(278,230)
Operating profit (loss)	$ 129,733	$ (166,978)

Condensed Statement of Revenues, Expenses and Changes in Net Position - continued

	2016	2015
Non-operating revenue	$ 2,072	$ 12,693
Non-operating expenses	(2545)	-
Net non-operating revenue	(473)	12,693
Change in net position	129,260	(154,285)
Net position, beginning of year	64,098	218,383
Net position, end of year	$ 193,358	$ 64,098

Condensed Statement of Cash Flows

	2016	2015
Net cash flows from operating activities	$ 84,480	$ (62,679)
Net cash flows from non-capital financing activities	39,478	73,267
Net cash flows from capital and related financing activities	(12,931)	-
Net cash flows from investing activities	-	-
Net increase (decrease) in cash	111,027	(10,588)
Cash and cash equivalents, beginning of year	39,825	29,237
Cash and cash equivalents, end of year	$ 150,852	$ 39,825

Current assets consist of cash and cash equivalents and accounts receivable. Noncurrent assets include endowment investments. Property and equipment are presented net of accumulated depreciation of $670,512 and $651,281 at June 30, 2016 and 2015, respectively. Current liabilities consist of accounts payable and accrued expenses, accrued vacation and sick pay, and deferred revenues.

Operating revenues consist primarily of State Appropriations, Community Service grants, membership contributions, and contributed support. Operating expenses consist primarily of broadcasting, programming and production, management and general, depreciation and grants expense. The net cash flow from operating activities and state appropriations was used primarily for the purchase of program rights, property and equipment and for salary expenditures.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of public radio station WGLT's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

WGLT Public Radio
Illinois State University
Campus Box 8910
Normal, IL 61790-8910

WGLT-FM RADIO

STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 150,851	$ 39,825
Accounts receivable (net of allowance of $2,000 and $3,000, respectively)	54,826	19,630
Pledges receivable	9,200	-
Total current assets	214,877	59,455
Noncurrent Assets		
Endowment fund investments	102,397	105,211
Property and equipment	812,585	805,249
Less: Accumulated depreciation	(670,512)	(651,281)
Total noncurrent assets	244,470	259,179
Total assets	459,347	318,634
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	11,165	16,682
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	32,420	21,111
Accrued vacation and sick pay	131,989	176,840
Due to Illinois State University	112,745	73,267
Total current liabilities	277,154	271,218
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	142,073	153,968
Restricted for:		
Equipment	64,255	-
Expendable endowment	1,817	33
Nonexpendable endowment	100,580	105,179
Unrestricted	(115,367)	(195,082)
Total net position	$ 193,358	$ 64,098

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

WGLT-FM RADIO

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
General appropriations from Illinois State University	$ 336,461	$ 321,280
On-behalf of state - general	218,610	215,786
Corporate giving	51,614	37,729
Business underwriting	310,433	214,006
Contributed support from ISU School of Communications	30,365	-
Special fund-raising projects	104,657	107,721
Donated facilities and administrative support from Illinois State University	209,705	203,539
Donated materials and other services	117,217	85,314
Individual giving	368,104	304,179
Corporation for Public Broadcasting - community service grants	137,427	138,293
Illinois Public Broadcasting grant	-	18,065
Total operating revenue	1,884,593	1,645,912
OPERATING EXPENSES		
Program services		
Programming and production		
National	183,792	188,693
Local and other	645,719	657,782
Broadcasting	176,486	183,226
Program information	83,394	63,081
Total program services	1,089,391	1,092,782
Supporting services		
Underwriting and grant solicitation	119,482	132,611
Fundraising and membership development	292,891	309,267
Management and general	253,096	278,230
Total supporting services	665,469	720,108
Total operating expenses	1,754,860	1,812,890
Operating income (loss)	129,733	(166,978)
NON-OPERATING REVENUE		
Unrealized gain (loss) on endowment funds	(2,545)	3,295
Miscellaneous income	402	9,273
Total non-operating revenue	(2,143)	12,568
ADDITIONS TO ENDOWMENTS	1,670	125
INCREASE (DECREASE) IN NET POSITION	129,260	(154,285)
NET POSITION - Beginning of year	64,098	218,383
NET POSITION - End of year	$ 193,358	$ 64,098

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

WGLT-FM RADIO

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
State appropriations	$ 336,461	$ 354,295
On-behalf of state	218,610	215,786
Corporate giving	51,614	37,729
Business underwriting	275,237	207,868
Contributed support from ISU	30,365	-
Community service grants	137,427	186,063
Individual giving	358,904	304,179
Special fundraising projects	104,657	107,721
Transfer from (to) endowment	1,940	2,540
Payments to vendors	(325,494)	(400,026)
Payments to employees	(1,105,241)	(1,078,834)
Net cash provided (used) by operating activities	84,480	(62,679)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from (to) Illinois State University	39,478	73,267
Net cash provided (used) by non-capital financing activities	39,478	73,267
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	(12,931)	-
Net cash provided (used) by capital financing activities	(12,931)	-
Net increase (decrease) in cash	111,027	10,588
Cash, beginning of period	39,825	29,237
Cash, end of period	$ 150,852	$ 39,825
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS USED IN OPERATING ACTIVITIES:		
Operating income (loss)	$ 129,733	$ (166,978)
Adjustments to reconcile:		
Depreciation	24,826	26,474
Transfer from (to) other funds	1,940	2,540
Miscellaneous revenue	402	9,273
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(35,196)	(6,138)
(Increase) decrease in pledges receivable	(9,200)	-
(Increase) decrease in grants receivable	-	62,720
(Increase) decrease in deferred outflows	5,517	(781)
Increase (decrease) in accounts payable	(33,542)	10,211
Net cash provided (used) by operating activities	$ 84,480	$ (62,679)

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

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Summary of Operations

WGLT-FM Radio ("the Station") is a public telecommunications service operated by Illinois State University as a part of the School of Communications within the College of Arts and Sciences located at the University's campus in Normal, Illinois. The financial statements of the Station also include the accounts for the ISU Foundation, an Illinois not-for-profit corporation affiliated with Illinois State University. The ISU Foundation solicits funds in the name of and with the approval of the Station. Funds are distributed by the ISU Foundation in amounts determined and approved by the General Manager of the Station.

The Station is part of the University as a whole, and as such, for financial reporting purposes the financial balances and activities included in these financial statements are also included in the University's financial statements. Because the University is considered a political subdivision of the State of Illinois, the Station is considered to be a governmental unit. Therefore, the Station is exempt from federal and state income taxes.

Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The Station follows the business type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of the Station's financial activities and replaces the fund group presentation previously required. The Station maintains the following fund type:

Proprietary Fund – For financial reporting purposes, the Station is considered a part of the University, and thus, like the University, is a special purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources management focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred. The station has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB.

The accounts of the Station are maintained internally in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting purposes into funds according to specified activities or objectives.

Cash and cash equivalents – The University has pooled its cash and investments, except for certain funds that are required by bond resolution to be in separate accounts. Interest in pooled cash at June 30, 2016 represents the Station's share of this pooled cash.

For purposes of the Statement of Cash Flows, all short-term investments that are highly liquid are considered cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than 90 days.

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Capital assets – Capital assets are recorded at cost at the date of acquisition or at the fair market value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America for public colleges and universities, depreciation is computed using the straight-line method over the following estimated useful lives:

Studio and broadcast equipment	5 years
Furniture and fixtures	7 years
Transmitter, antenna and tower	15 years
Building improvements	20 years

When property or equipment are retired or otherwise disposed, the asset and accumulated depreciation accounts are adjusted accordingly. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Indirect/In-kind contributions of services, materials and supplies – During the years ended June 30, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements totaled $117,217 and $85,314, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities.

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense on a prorated basis. Administrative support from the University consists of adjusted allocated financial and physical plant charges incurred by the University on behalf of the Station. See Note 6 for additional information.

Promises to give – At various times during the year, the Friends of WGLT sponsor fundraising events to solicit promises to give on behalf of the Station. If these promises to give are not collected in a reasonable period, they are written off as uncollectible. Contributions and collected promises to give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Station.

Accounts receivable – Accounts receivable represents uncollected underwriting revenue and uncollected promises to give. Allowances for uncollectible accounts have been established at June 30, 2016 and 2015, based on experience and a review of the current status of accounts.

Pledges receivable – Pledges are recorded as revenue in the year in which the pledges are made. All pledges are expected to be collected within the next two fiscal years.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Pensions (Continued) – For the purpose of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan.

The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Revenue recognition – The station has classified its revenues as either operating or non-operating revenues as follows:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as providing educational programs, goods and production services to the public and private sector, and include most grants and contracts.

Non-operating revenue – Non-operating revenues include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, and GASB Statement No, 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, such as investment income, and capital grants. Non-operating revenues include transactions relating to capital and financing activities, non-capital financing activities, and investing activities.

Restricted support – The Station reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net positions are reclassified to unrestricted net position. The Station applies restricted resources first when an expense is incurred for purposes for which both restricted unrestricted net position are available.

Advertising costs – Advertising costs are expensed in the period in which they are incurred.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2016 and 2015

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

New accounting standards – In fiscal year 2016, WGLT implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application,* GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68,* and GASB Statements No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* WGLT implemented these standards during the current year; however, none of them had a material impact on the financial statements.

2. COMPENSATED ABSENCES

The liability for compensated absences at June 30, 2016 and 2015 was $131,989 and $176,840, respectively. Illinois State University policy allows employees to accumulate 360 hours of vacation time, 420 hours for faculty employees. All accrued vacation is payable upon termination. Sick leave hours earned prior to January 1, 1984 and after January 1, 1998 are not payable to the employees. However, one-half of the hours earned between January 1, 1984 and January 1, 1998 are payable to employees upon death, retirement, resignation, or termination.

3. GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying radio stations. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of the public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of the recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain the activities begun with CSGs awarded in prior years.

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The grant period for the grant obtained during the year ended June 30, 2016 is October 1, 2015 through September 30, 2017. The Community Service Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grants Received	Expended 2015	Expended 2016	Uncommitted Balance at June 30, 2016
2014	$ -	$ 41,443	$ -	$ -
2015	-	121,102	17,191	-
2016	137,427	-	121,928	15,499

3. GRANTS (Continued)

The grant period for the grant obtained during the year ended June 30, 2015 is October 1, 2014 through September 30, 2016, and was received and expended as follows:

Year of Grant	Grants Received	Expended 2014	Expended 2015	Uncommitted Balance at June 30, 2015
2013	$ -	$ 42,148	$ -	$ -
2014	-	100,461	41,443	-
2015	138,293	-	121,102	17,191

The Illinois Arts Council also provides a source of funding for the Station. The Grant period for the grant obtained during the year ended June 30, 2016 would be November 1, 2015 through August 31, 2016. Due to State of Illinois budget restraints, the Illinois Arts Council did not issue any Illinois Public Broadcasting Grants during the year ended June 30, 2016. The purpose of this grant is to supplement the cost of operating and maintaining a public broadcasting station. The Illinois Public Broadcasting Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grants Received	Expended 2015	Expended 2016	Uncommitted Balance at June 30, 2016
2015	$ -	$ 18,065	$ -	$ -
2016	-	-	-	-

The grant period for the grant obtained during the year ended June 30, 2015 is October 15, 2014 through August 31, 2015, and was received and expended as follows:

Year of Grant	Grants Received	Expended 2014	Expended 2015	Uncommitted Balance at June 30, 2015
2014	$ -	$ 12,575	$ 14,950	$ -
2015	18,065	-	18,065	-

The above grants are recorded as revenue when the grant was received or pledged. In some instances, they are multi-year grants, and therefore, current year's revenue includes amounts that will not be expended in the current year.

4. NONFEDERAL FINANCIAL SUPPORT (NFFS)

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

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the source may be an entity except the federal government or any other broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or

4. NONFEDERAL FINANCIAL SUPPORT (NFFS) (Continued)

operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was $1,606,383 and $1,376,499 for the years ended June 30, 2016 and 2015, respectively.

5. PROPERTY AND EQUIPMENT

A summary of property and equipment activity for the year ended June 30, 2016, was as follows:

	July 1, 2015 Beginning Balance	Additions	Reductions	June 30, 2016 Ending Balance
Building improvement	$ 6,590	$ -	$ -	$ 6,590
Transmitters, antenna and towers	408,048	-	-	408,048
Studio and other broad-casting equipment	155,261	11,611	(4,495)	162,377
Furniture and fixtures	235,350	1,320	(1,100)	235,570
Total	805,249	12,931	(5,595)	812,585
Less accumulated depreciation:				
Building improvements	6,590	-	-	6,590
Transmitters, antenna and towers	280,900	14,905	-	295,805
Studio and other broad-casting equipment	149,226	4,353	(4,495)	149,084
Furniture and fixtures	214,565	5,568	(1,100)	219,033
Total	651,281	24,826	(5,595)	670,512
Property and equipment, net	$ 153,968	$ (11,895)	$ -	$ 142,073

5. PROPERTY AND EQUIPMENT (Continued)

A summary of property and equipment activity for the year ended June 30, 2015, was as follows:

	July 1, 2014 Beginning Balance	Additions	Reductions	June 30, 2015 Ending Balance
Building improvement	$ 6,590	$ -	$ -	$ 6,590
Transmitters, antenna and towers	408,048	-	-	408,048
Studio and other broad-casting equipment	155,831	-	(570)	155,261
Furniture and fixtures	235,350	-	-	235,350
Total	805,819	-	(570)	805,249
Less accumulated depreciation:				
Building improvements	6,590	-	-	6,590
Transmitters, antenna and towers	265,985	14,915	-	280,900
Studio and other broad-casting equipment	144,584	5,212	(570)	149,226
Furniture and fixtures	208,218	6,347	-	214,565
Total	625,377	26,474	(570)	651,281
Property and equipment, net	$ 180,442	$ (26,474)	$ -	$ 153,968

6. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from other state agencies consists of allocated institutional support and physical plant costs incurred by the State for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense in functional expense categories. For the year ended June 30, 2016, indirect support was calculated by ISU based on the net assignable square footage of the radio station, and a formula reflecting ISU operating expenses benefiting the station. The value of this support included in the Statement of Revenues, Expenses, and Changes in Net Position was $209,705 and $203,539 for the years ended June 30, 2016 and 2015, respectively.

7. STATE APPROPRIATIONS

This classification includes financial resources provided to the Station through budgetary authorizations of the State Assembly. State appropriations utilized during the fiscal year ended June 30, 2016 and June 30, 2015 totaled $336,461 and $321,280, respectively.

8. ON-BEHALF PAYMENTS

The State of Illinois paid the following benefits and contributions on-behalf of WGLT, and included these payments in their revenue and expenses:

	2016	2015
Benefits	$ 180,711	$ 183,953
SURS contributions	37,898	31,833
Total	$ 218,609	$ 215,786

9. DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plan

Plan Description – WGLT contributes to the State Universities Retirement System (SURS) of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided – A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions – The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2015 and 2016 respectively, was 11.71% and 12.69% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

9. DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability – At June 30, 2015, SURS reported a net pension liability (NPL) of $23,756,361,087. The net pension liability was measured as of June 30, 2014.

Employer Proportionate Share of Net Pension Liability – The amount of the proportionate share of the net pension liability to be recognized for WGLT is $0. The proportionate share of the State’s net pension liability associated with WGLT is $49,063 or 0.2180%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2015 was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2015.

Pension Expense – At June 30, 2015 SURS reported a collective net pension expense of $1,994,587,170.

Employer Proportionate Share of Pension Expense – The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, WGLT recognized on-behalf revenue and pension expense of $37,898 for the fiscal year ended June 30, 2016.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 27,312,043	$ -
Changes in assumption	609,393,909	-
Net difference between projected and actual earnings on pension plan investments	593,840,642	953,329,464
Total	$ 1,230,546,594	$ 953,329,464

9. DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2016	$ 154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
2020	-
Thereafter	-
Total	$ 277,217,130

Employer Deferral of Fiscal Year 2016 Pension Expense

Employer paid $11,165 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

Assumptions and Other Inputs

Actuarial assumptions – The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan’s target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

9. DEFINED BENEFIT PENSION PLANS (Continued)

Assumptions and Other Inputs (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Arithmetic Return		8.02%

Discounted Rate – A single discount rate of 7.120% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and a municipal bond rate of 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Assumptions and Other Inputs (Continued)

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.12%	7.12%	8.12%
$ 28,929,333,917	$ 23,756,361,087	$ 19,470,982,362

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

10. OTHER POST-EMPLOYMENT BENEFITS

Post-employment

The State of Illinois provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Universities Retirement System do not contribute towards health, dental and vision benefits. For annuitants who returned on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service do not have to contribute towards health, dental and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until ago 60, at which time the benefit becomes $5,000.

The State pays Illinois State University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Finance Report.

11. RADIO TOWER LEASE

The Station has an operating license agreement with High Rise Communications for space to operate the Station's transmitter and antenna. The lease terms require semi-annual payments due on July 15th and January 15th each year and terminates June 30, 2021. Lease payments were $26,040 and $24,800 for the years ended June 30, 2016 and 2015, respectively.

Future minimum payments per this agreement are as follows:

Year ending June 30,		
2017		$ 27,340
2018		28,700
2019		30,140
2020		31,650
2021		33,230
Thereafter		-
Total		$ 151,060

The Station also has a five year operating lease effective July 1, 2015 with Zerla Properties for translator tower space in downtown Peoria. The lease requires annual payments of $2,820 due on July 15th each year and terminates June 30, 2020, with the option to renew for an additional five years.

12. ENDOWMENT FUNDS

During fiscal year 2012, three endowment funds were created for the Station through the Illinois State University (ISU) Foundation. The Station endowment funds are pooled with the ISU Endowment Fund and are tracked as separate units of the Fund. The ISU Endowment Fund is a diversified portfolio consisting of equities, fixed income, and alternative investment strategies, with the objective of growing assets and income at a rate in excess of inflation and distributions. Required disclosure about the fair value of the investments is contained in the separate Illinois State University Foundation Financial Statements and Independent Auditors' Report, June 30, 2016 and 2015, which can be obtained from the ISU Foundation. The Station has the following endowment agreements:

WGLT Future Endowment Fund **–** This fund is fully funded with an estate gift in the amount of $20,000. It will be used for the general operating expenses of the Station as determined by the General Manager of WGLT in consultation with the Executive Director of the School of Communication. Contributions to this fund were $1,670 and $125, expenses were $1,203 and $918, unrealized gain/(loss) was $(1,254) and $1,623, and the balance of the fund was $51,103 and $51,889 as of June 30, 2016 and 2015, respectively.

Albert Attaway Fund **–** This fund was created through a transfer of a pre-existing endowment in the College of Business. The funds will be used for the general operating costs of the Station as determined by the fiscal agent for the Station, including, but not limited to, the maintenance and enhancement of the Station music library. Expenses were $410 and $1,394, unrealized gain/(loss) were $(713) and $929, and the balance of the fund was $28,512 and $29,634 as of June 30, 2016 and 2015, respectively.

12. ENDOWMENT FUNDS (Continued)

Sutherland Endowment **–** This fund was established with initial contributions of $10,000, and became fully endowed in FY14 when all gifts to the fund met the minimum funding level of $20,000. Funds from this endowment will be used for the general operating costs of the Station as determined by the fiscal agent for the Station. Expenses were $327 and $227, unrealized gain/(loss) was $(579) and $743, and the balance of the fund was $22,783 and $23,688 as of June 30, 2016 and 2015, respectively.

13. DUE TO ILLINOIS STATE UNIVERSITY

Illinois State University provided an advance to WGLT's cash funds over the past few years to pay ongoing operating expenses. Amounts advanced at June 30, 2016 and 2015 totaled $57,844 and $73,267, respectively. Also, during the year ended June 30, 2016, two Illinois State University departments, the Office of the Provost and the College of Arts and Sciences, loaned funds to WGLT to assist with covering payroll. The amounts due at June 30, 2016 to the Office of the Provost was $48,001, and the College of Arts and Sciences was $6,900.

14. RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

15. SUBSEQUENT EVENTS

The Station has evaluated events occurring subsequent to June 30, 2016 as to their potential impact to the financial statements through January 9, 2017, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WGLT-FM RADIO

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2016

	FY 2016	FY 2015	FY 2014
WGLT			
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	$ -	$ -	$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	49,063	48,516	46,655
Total (b) + (c)	49,063	48,516	46,655
Employer DB Covered Payroll	756,995	748,795	737,205
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll	6.48%	6.48%	6.33%
SURS Plan Net Position as a Percentage of Total Pension Liability	42.37%	44.39%	44.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See noted to required supplementary information.

WGLT-FM RADIO

SCHEDULE OF EMPLOYER CONTRIBUTIONS
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2016

	FY 2016	FY 2015	FY 2014
WGLT			
Federal, Trust, Grant and Other contribution	$ 11,165	$ 16,682	$ 15,901
Contribution in relation to required contribution	11,165	16,682	15,901
Contribution deficiency (excess)	-	-	-
Employer Covered payroll	138,706	142,091	133,692
Contributions as a percentage of covered payroll	8.05%	11.74%	11.89%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See noted to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the years ended June 30, 2016 and 2015

1. CHANGE OF BENEFIT TERMS

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

16. CHANGE OF ASSUMPTIONS

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

SUPPLEMENTAL INFORMATION

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	Program Services					Total Supporting Services				
	Programming & Production									
	National	Local & Other	Broadcasting	Program Information	Total Program Services	Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total Expenses June 30, 2016
Salaries	$ -	$ 338,395	$ 72,267	$ -	$ 410,662	$ 97,935	$ 135,532	$ 153,917	$ 387,384	$ 798,046
Employee benefits	-	157,317	21,398	-	178,715	16,595	48,542	18,492	83,629	$ 262,344
Consulting fees	-	3,000	948	-	3,948	-	-	-	-	3,948
Professional fees	-	240	4,324	-	4,564	1,406	15,732	17,368	34,506	39,070
Occupancy	3,083	131,532	63,798	6,165	204,578	1,027	6,166	22,882	30,075	234,653
Production costs	-	7,733	-	10,920	18,653	-	33,682	6,540	40,222	58,875
Programming costs	180,709	1,195	10	2,250	184,164	-	-	9,713	9,713	193,877
Promotional costs	-	-	-	-	-	-	10,548	1,788	12,336	12,336
Repairs and maintenance	-	-	-	-	-	-	-	276	276	276
Equipment expense	-	-	4,815	-	4,815	319	1,941	-	2,260	7,075
Memberships	-	12	212	-	224	-	-	4,002	4,002	4,226
Subscriptions	-	58	7,439	-	7,497	-	6,650	372	7,022	14,519
Postage	-	175	-	95	270	-	5,204	2,836	8,040	8,310
Printing	-	-	-	507	507	489	3,412	2,873	6,774	7,281
Telephone	-	247	-	-	247	-	-	1,226	1,226	1,473
Auto expense	-	43	-	-	43	-	-	618	618	661
Travel	-	-	-	-	-	-	280	246	526	526
Advertising	-	203	-	44,200	44,403	169	18,573	-	18,742	63,145
Other	-	-	1,216	-	1,216	-	4,876	6,542	11,418	12,634
Bank charges	-	-	-	-	-	-	-	1,452	1,452	1,452
Supplies	-	-	59	-	59	-	403	1,953	2,356	2,415
Bad debt	-	-	-	-	-	1,542	1,350	-	2,892	2,892
Totals before depreciation	183,792	640,150	176,486	64,137	1,064,565	119,482	292,891	253,096	665,469	1,730,034
Depreciation expense	-	5,569	-	19,257	24,826	-	-	-	-	24,826
Total expenses	$ 183,792	$ 645,719	$ 176,486	$ 83,394	$ 1,089,391	$ 119,482	$ 292,891	$ 253,096	$ 665,469	$ 1,754,860

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

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015

	Program Services					Total Supporting Services				
	Programming & Production									
	National	Local & Other	Broadcasting	Program Information	Total Program Services	Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total Expenses June 30, 2015
Salaries	$ -	$ 331,438	$ 64,494	$ -	$ 395,932	$ 97,991	$ 128,560	$ 157,799	$ 384,350	$ 780,282
Employee benefits	-	158,590	31,079	-	189,669	27,236	52,034	43,476	122,746	312,415
Consulting fees	-	8,000	1,387	-	9,387	-	70	-	70	9,457
Professional fees	-	860	-	-	860	-	-	28,852	28,852	29,712
Occupancy	3,053	130,265	62,222	6,106	201,646	1,018	6,106	22,697	29,821	231,467
Production costs	-	-	-	2,225	2,225	-	91,119	-	91,119	93,344
Programming costs	185,640	18,059	-	2,250	205,949	-	-	45	45	205,994
Promotional costs	-	-	-	3,000	3,000	1,486	10,392	3,425	15,303	18,303
Repairs and maintenance	-	-	12,558	-	12,558	-	-	236	236	12,794
Equipment expense	-	-	3,572	-	3,572	-	-	-	-	3,572
Memberships	-	-	-	-	-	580	505	2,891	3,976	3,976
Subscriptions	-	1,553	6,903	-	8,456	-	7,049	750	7,799	16,255
Postage	-	-	-	2,547	2,547	-	2,552	2,547	5,099	7,646
Printing	-	-	-	3,841	3,841	5	2,338	2,294	4,637	8,478
Telephone	-	97	-	-	97	-	-	3,508	3,508	3,605
Auto expense	-	676	-	-	676	145	1,443	77	1,665	2,341
Insurance	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	22,975	22,975	-	862	123	985	23,960
Other	-	760	18	-	778	-	4,118	5,796	9,914	10,692
Bank charges	-	-	-	-	-	-	-	1,038	1,038	1,038
Supplies	-	1,138	993	9	2,140	-	2,119	2,676	4,795	6,935
Bad Debt	-	-	-	-	-	4,150	-	-	4,150	4,150
Totals before depreciation	188,693	651,436	183,226	42,953	1,066,308	132,611	309,267	278,230	720,108	1,786,416
Depreciation expense	-	6,346	-	20,128	26,474	-	-	-	-	26,474
Total expenses	$ 188,693	$ 657,782	$ 183,226	$ 63,081	$ 1,092,782	$ 132,611	$ 309,267	$ 278,230	$ 720,108	$ 1,812,890

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