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, 2018 and 2017

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A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ILLINOIS STATE UNIVERSITY

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Sulaski
& Webb
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2018 and 2017, 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.

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, 2018 and 2017, 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 required supplementary information listed in the table of contents 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 audits 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 audits were 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, 2019

WGLT PUBLIC STATION
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2018 and 2017

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, 2018. 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, news, and information audio programming and website content 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 20,000-25,000 listen each week. Contributing membership consists of approximately 1,600 households. WGLT format is primarily news and information, with blues music and other specialty programming overnights and on weekends. WGLT's identifying and positioning statement is "89-1 GLT and WGLT.org, Bloomington-Normal's Public Media." WGLT employs a full-time professional staff content production, development, management, and support staff, with several paid and unpaid content and support positions available for Illinois State students.

WGLT has provided an Internet webstream of its on-air programming since 2000, and also offers two music-only, 24/7 audio streaming services: blues and folk. WGLT continues to increase its text, photo, and audio news and feature reporting offerings, including several podcasts, on its own website (wglt.org) as well as on Facebook, Twitter, and Instagram. As a result of changes in consumer behavior and more emphasis on digital products, engagement on social media and WGLT.org has increased substantially, more than doubling what it was just two years ago. 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.

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, 2018. 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, if applicable. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Highlights

WGLT's overall financial position has improved substantially over the past few years. The station has several revenue streams, and these were a mixed bag in FY2018. Individual giving declined slightly, and while not enough to be a cause for alarm, this is a trend we'll have to work to reverse in upcoming years. Federal grant funds increased, though a slight decrease is anticipated next year. State grants returned after several years of no funding, and funding is expected to continue into FY 2019, but what will happen beyond that is uncertain. Events and business underwriting were up substantially, chiefly as a result of having our underwriting coordinator position filled for the entire year. Overall, WGLT's net position increased slightly to $360,568 at the end of FY 2018.

FY 2018 saw WGLT make significant investment in a new broadcast automation system, replacing a system that dated from the early 2000s. Also, WGLT is in the early stages of a capital fundraising campaign, associated with the University's "Redbirds Rising" effort, that we expect will allow us to invest in a new master control studio to be located in the station's current conference room and to begin preparing to replace our primary transmitter (though our current one has several years of useful life remaining). Some of the equipment replacement may begin in FY 2019, though it's more likely to start in FY 2020.

The station continued to add to three endowments, administered by the ISU Foundation, that were created in the fiscal year 2012. See page 25, Note 12.

Net Position totaled $360,568 for the year ended June 30, 2018 (FY 2018) and $260,079 for the year ended June 30, 2017 (FY 2017). Net Position at end of year increased by $100,489 in FY 2018 after an increase of $66,721 in FY 2017. Operating Revenues totaled $2,122,662 in FY 2018, compared to $1,799,978 in FY 2017, while Operating Expenses totaled $2,027,863 in FY 2018 compared to $1,652,038 in FY 2017. The net operating income for FY 2018 was $94,799 compared to $147,940 in FY 2017 and $129,733 in FY 2016; these figures follow net losses in operating income of $166,978 and $155,744 in FY 2015 and FY 2014, respectively.

The station's property and equipment, net of accumulated depreciation, totaled $215,351 at June 30, 2018.

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, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash	$ 211,297	$ 125,946
Accounts receivable (net of allowance of $8,500 and $2,000, respectively)	134,379	84,852
Pledges receivable	-	1,000
Prepaid expenses	-	26,626
Total current assets	345,676	238,424
Noncurrent Assets		
Endowment fund investments	122,335	113,484
Property and equipment	707,316	729,780
Less: Accumulated depreciation	(491,965)	(541,436)
Total noncurrent assets	337,686	301,828
Total assets	683,362	540,252
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	6,837	17,418
Deferred outflows related to OPEB	1,912	2,225
Total deferred outflows of resources	8,749	19,643
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	27,547	12,635
Accrued vacation and sick pay	126,107	112,848
Due to Illinois State University	74,849	73,910
Total current liabilities	228,503	199,393
Noncurrent liabilities		
Net OPEB liability	89,376	100,423
Total noncurrent liabilities	89,376	100,423
TOTAL LIABILITIES	317,879	299,816
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	13,664	-
NET POSITION		
Net investment in capital assets	215,351	188,344
Restricted for:		
Facilities and equipment	7,409	24,282
Expendable endowment	3,645	891
Nonexpendable endowment	118,690	112,593
Unrestricted	15,473	(66,031)
Total net position	$ 360,568	$ 260,079

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
General appropriations from Illinois State University	$ 350,994	$ 286,008
On-behalf of state - general	268,009	212,408
On-behalf of state - OPEB	115,504	-
Corporate giving	41,524	39,166
Business underwriting	405,728	306,779
Contributed support from ISU Office of the Provost	4,805	48,001
Special fund-raising projects	127,159	150,505
Donated facilities and administrative support from Illinois State University	203,450	193,390
Donated materials and other services	116,154	81,133
Individual giving	328,329	346,838
Corporation for Public Broadcasting - community service grants	142,506	135,750
Illinois Public Broadcasting grant	18,500	-
Total operating revenue	2,122,662	1,799,978
OPERATING EXPENSES		
Program services		
Programming and production		
National	213,139	186,584
Local and other	761,589	615,686
Broadcasting	143,874	126,718
Total program services	1,118,602	928,988
Supporting services		
Underwriting and grant solicitation	151,141	149,089
Fundraising and membership development	407,331	340,621
Management and general	350,789	233,340
Total supporting services	909,261	723,050
Total operating expenses	2,027,863	1,652,038
Operating income (loss)	94,799	147,940
NON-OPERATING REVENUE		
Unrealized gain (loss) on endowment funds	10,084	13,194
Gain (loss) on disposal of fixed assets	(5,500)	-
Miscellaneous income	806	960
Total non-operating revenue	5,390	14,154
ADDITIONS TO ENDOWMENTS	300	2,825
INCREASE (DECREASE) IN NET POSITION	100,489	164,919
NET POSITION - Beginning of year (as originally stated)	260,079	193,358
PRIOR PERIOD ADJUSTMENT (see note 14)	-	(98,198)
NET POSITION - Beginning of year (as restated)	260,079	95,160
NET POSITION - End of year	$ 360,568	$ 260,079

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

WGLT-FM RADIO

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
State appropriations	$ 350,994	$ 286,008
On-behalf of state	383,513	212,408
Corporate giving	41,524	39,166
Business underwriting	356,201	276,753
Contributed support from ISU	4,805	48,001
Community service grants	142,506	135,750
Illinois Public Broadcasting grant	18,500	-
Individual giving	329,329	355,038
Special fundraising projects	127,159	150,505
Transfer from (to) endowment	1,533	4,932
Payments to vendors	(496,487)	(395,452)
Payments to employees	(1,115,486)	(1,025,442)
Net cash provided (used) by operating activities	144,091	87,667
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from (to) Illinois State University	6,439	(38,835)
Net cash provided (used) by non-capital financing activities	6,439	(38,835)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	(65,179)	(73,738)
Net cash provided (used) by capital financing activities	(65,179)	(73,738)
Net increase (decrease) in cash	85,351	(24,906)
Cash, beginning of period	125,946	150,852
Cash, end of period	$ 211,297	$ 125,946
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 94,799	$ 147,940
Adjustments to reconcile:		
Depreciation	32,672	27,466
Transfer from (to) other funds	1,533	4,932
Miscellaneous revenue	806	960
Gain (loss) on disposal of fixed assets	(5,500)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(49,527)	(30,026)
(Increase) decrease in pledges receivable	1,000	8,200
(Increase) decrease in prepaid expenses	26,626	(26,626)
(Increase) decrease in deferred outflows	10,894	(6,253)
Increase (decrease) in accounts payable	28,171	(38,926)
Increase (decrease) in deferred inflows	13,664	-
Increase (decrease) in net OPEB liability	(11,047)	-
Net cash provided (used) by operating activities	$ 144,091	$ 87,667

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, 2018 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.

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, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements totaled $116,154 and $81,133, 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, 2018 and 2017, 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.

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.

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.

Postemployment Benefits Other than Pension (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan net position of SURS and additions to/deductions from SURS' plan net position have been determined on the same basis as they are reported by SURS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – An Amendment of GASB Statement No. 34, 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 and 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.

SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

New accounting standards – In fiscal year 2018, WGLT implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statements No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 improves accounting and financial reporting for postemployment benefits other than pensions. The implementation of GASB Statement No. 76 improves the consistency and usefulness of financial statement information. The implementation of GASB Statement No. 85 addresses a number of issues identified in the implementation of other GASB Statements, including issues in the presentation and measurement of pension and other postemployment benefits related information. GASB Statements No. 81 and 86 did not have a material impact on the financial statements.

2. COMPENSATED ABSENCES

The liability for compensated absences at June 30, 2018 and 2017 was $126,107 and $112,848, 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.

GRANTS (Continued)

The grant period for the grant obtained during the year ended June 30, 2018 is October 1, 2017 through September 30, 2019. The Community Service Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grant Received	Expended 2017	Expended 2018	Uncommitted Balance at June 30, 2018
2016	$ -	$ 15,499	$ -	$ -
2017	-	99,885	35,865	-
2018	142,506	-	105,868	36,638

The grant period for the grant obtained during the year ended June 30, 2017 is October 1, 2016 through September 30, 2018, and was received and expended as follows:

Year of Grant	Grant Received	Expended 2016	Expended 2017	Uncommitted Balance at June 30, 2017
2015	$ -	$ 17,191	$ -	$ -
2016	-	121,928	15,499	-
2017	135,750	-	99,885	35,865

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, 2018 is October 15, 2017 through August 31, 2018. 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	Grant Received	Expended 2017	Expended 2018	Uncommitted Balance at June 30, 2018
2018	$ 18,500	$ -	$ -	$ 18,500

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.

NONFEDERAL FINANCIAL SUPPORT (NFFS) (Continued)

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 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 $1,852,282 and $1,526,573 for the years ended June 30, 2018 and 2017, respectively.

5. PROPERTY AND EQUIPMENT

A summary of property and equipment activity for the year ended June 30, 2018, was as follows:

	July 1, 2017 Beginning Balance	Additions	Reductions	June 30, 2018 Ending Balance
Building improvement	$ 6,590	$ 17,993	$ -	$ 24,583
Transmitters, antenna and towers	323,727	-	(15,000)	308,727
Studios and other broadcasting equipment	163,693	47,186	(67,265)	143,614
Furniture and fixtures	235,770	-	(5,378)	230,392
Total	729,780	65,179	(87,643)	707,316
Less accumulated depreciation:				
Building improvements	6,590	450	-	7,040
Transmitters, antenna and towers	165,459	18,741	(9,500)	174,700
Studio and other broadcasting equipment	145,401	9,197	(67,264)	87,334
Furniture and fixtures	223,986	4,284	(5,379)	222,891
Total	541,436	32,672	(82,143)	491,965
Property and equipment, net	$ 188,344	$ 32,507	$ (5,500)	$ 215,351

PROPERTY AND EQUIPMENT (Continued)

A summary of property and equipment activity for the year ended June 30, 2017, was as follows:

	July 1, 2016 Beginning Balance	Additions	Reductions	June 30, 2017 Ending Balance
Building improvement	$ 6,590	$ -	$ -	$ 6,590
Transmitters, antenna and towers	408,048	62,950	(147,271)	323,727
Studios and other broad-casting equipment	162,377	10,567	(9,251)	163,693
Furniture and fixtures	235,570	700	(500)	235,770
Total	812,585	74,217	(157,022)	729,780
Less accumulated depreciation:				
Building improvements	6,590	-	-	6,590
Transmitters, antenna and towers	295,805	16,925	(147,271)	165,459
Studio and other broad-casting equipment	149,084	5,088	(8,771)	145,401
Furniture and fixtures	219,033	5,453	(500)	223,986
Total	670,512	27,466	(156,542)	541,436
Property and equip-ment, net	$ 142,073	$ 46,751	$ (480)	$ 188,344

Depreciation expense for the years ended June 30, 2018 and 2017 was $32,672 and $27,466, respectively.

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, 2018, 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 $203,450 and $193,390 for the years ended June 30, 2018 and 2017, 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, 2018 and June 30, 2017 totaled $350,994 and $286,008, 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:

	2018	2017
Benefits	$ 231,108	$ 187,056
SURS contributions	36,901	25,352
OPEB expense	115,504	-
Total	$ 383,513	$ 212,408

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, 2017 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

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 2017 and 2018 respectively, was 12.53% and 12.46% 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.

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 – The net pension liability (NPL) was measured as of June 30, 2017. At June 30, 2017, SURS reported a net pension liability (NPL) of $25,481,105,995.

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 $2,055,443 or 0.0081%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2017 was determined based on the June 30, 2016 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 2017.

Pension expense – At June 30, 2017 SURS reported a collective net pension expense of $2,412,918,129.

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 2017. As a result, WGLT recognized on-behalf revenue and pension expense of $194,639 for the fiscal year ended June 30, 2018.

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.

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 Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,193,227	$ 1,170,771
Changes in assumptions	205,004,315	259,657,577
Net difference between projected and actual earnings on pension plan investments	94,620,827	-
Total	$ 438,818,369	$ 260,828,348

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
2018	$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	$ 177,990,021

Employer Deferral of Fiscal Year 2018 Pension Expense

Employer paid $6,837 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability date of June 30, 2017 and are recognized as Deferred Outflows of Resources as of June 30, 2018.

Assumptions and Other Inputs

Actuarial assumptions – The actuarial assumptions used in the June 30, 2017 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, 2017 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 15.00 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 RP2014 Combined Mortality Table with projected general mortality and a separate mortality assumption for disabled participants.

DEFINED BENEFIT PENSION PLANS (Continued)

Assumptions and Other Inputs (Continued)

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, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	7.34%
Global Equity	8%	6.85%
Fixed Income	19%	1.38%
Treasury-Inflation Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	1%	6.71%
Total	100%	5.20%
Inflation		2.75%
Expected Arithmetic Return		7.95%

Discounted rate – A single discount rate of 7.09% 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 7.25% and a municipal bond rate of 3.56% (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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

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 7.09%, 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 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
$ 30,885,146,279	$ 25,481,105,995	$ 20,997,457,586

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

General Information on the Post-Employment Plan

Plan description - The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of WGLT's full-time employees are members of SEGIP. Members receiving monthly benefits from the State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for SURS are defined within Note 9.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided – The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and WGLT's employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding policy and annual other postemployment benefit cost – OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health 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 Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired 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 credit service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2018, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $10,926 ($6,146 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $14,939 ($5,165 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expenses Related to OPEB

The total OPEB liability, as reported at June 30, 2018, was measured as of June 30, 2017, with an actuarial valuation as of June 30, 2016. At June 30, 2018, WGLT recorded a liability of $89,376 for its proportionate share of the State's total OPEB liability. WGLT's portion of the OPEB liability was based on WGLT's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2017. As of the current year measurement date of June 30, 2017, WGLT's proportion was 0.0002%.

WGLT recognized OPEB expense for the year ended June 30, 2018, of $4,813. At June 30, 2018, WGLT reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2017, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 29	$ -
Changes of assumptions	-	8,486
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	5,178
Contributions subsequent to the measurement date	1,883	-
Total	$ 1,912	$ 13,664

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expenses Related to OPEB (Continued)

The amounts reported as deferred outflows of resources related to OPEB resulting from WGLT contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources	
2019	$	(3,065)
2020		(3,065)
2021		(3,065)
2022		(3,065)
2023		(1,375)
Total	$	(13,635)

Assumptions and Other Inputs

Actuarial methods and assumptions – The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on SURS active, inactive, and retiree data as of June 30, 2016, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2016.

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry Age Normal
Inflation rate	2.75%
Projected salary increases*	3.00% - 15.00%
Discount rate	3.56%
Healthcare cost trend rate:	
Medical (pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.01% in the second year to 7.49%, followed by grading down of 0.5% per year over 5 years to 4.99% in year 7
Medical (post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	7.5% grading down 0.5% per year over 6 years to 4.5%
Vision	3.00%

* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Assumptions and Other Inputs (Continued)

Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2017 and 2018 are based on actual premiums. Premiums after 2018 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.

Additionally, the demographic assumption used in this OPEB valuation are identical to those used in the June 30, 2016 valuations for SURS as follows:

Retirement age experience study**	Mortality***
July 2010 – June 2014	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants

** The actuarial assumptions used in the valuation are based on the results of actuarial experience studies for the periods defined. Changes were made to assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

*** Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Discount rate – Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.85% at June 30, 2016, and 3.56% at June 30, 2017, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate – The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the plan's total OPEB liability would be if it were calculated using Single Discount Rate that is one percentage point higher (4.56%) or lower (2.56%) than the current rate:

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Assumptions and Other Inputs (Continued)

	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
Department's proportionate share of total OPEB liability	$ 101,397	$ 89,376	$ 77,424

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2018 decreasing to an ultimate trend rate of 4.99% in 2025, for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Department's proportionate share of total OPEB liability	$ 76,371	$ 89,376	$ 100,112

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 $26,627 and $27,340 for the years ended June 30, 2018 and 2017, respectively.

Future minimum payments per this agreement are as follows:

Year ending June 30,	
2019	$ 32,213
2020	31,650
2021	33,230
Thereafter	-
Total	$ 97,093

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, 2018 and 2017, 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 $300 and $325, expenses were $769 and $2,642, unrealized gain/(loss) was $4,959 and $6,587, and the balance of the fund was $59,862 and $55,373 as of June 30, 2018 and 2017, 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 $419 and $1,953, unrealized gain/(loss) were $2,672 and $3,580, and the balance of the fund was $32,392 and $30,139 as of June 30, 2018 and 2017, respectively.

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. Contributions to this fund were $0 and $2,500, expenses were $344 and $337, unrealized gain/(loss) was $2,453 and $3,026, and the balance of the fund was $30,081 and $27,972 as of June 30, 2018 and 2017, 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, 2018 and 2017 totaled $72,589 and $57,710, respectively. Also, WGLT owes amounts to the School of Communications, a department of Illinois State University, for funds loaned to WGLT in prior fiscal years to assist with covering payroll. The amount due at June 30, 2018 to the School of Communications was $496. WGLT also owes amounts to the College of Arts and Sciences for similar loaned funds. The amount due at June 30, 2018 to the College of Arts and Sciences was $1,764.

14. PRIOR PERIOD ADJUSTMENT

Effective July 1, 2017, WGLT adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* GASB Statement No. 75 requires WGLT to recognize their long-term obligation for OPEB benefits and more comprehensively and comparably measure the annual cost of those OPEB benefits. It also requires WGLT to recognize a beginning deferred outflow of resources for employer OPEB contributions made subsequent to the measurement date of the beginning net OPEB liability but before the beginning of WGLT's fiscal year. The effect of this change is shown in the table below. The financial statements for the fiscal year ending June 30, 2017 have been retroactively restated for the change.

Beginning net position as previously reported at June 30, 2017	$ 193,358
Prior period adjustment – implementation of GASB 75:	
Deferred outflows – employer contributions subsequent to the 2017 measurement date - SURS	2,225
Net OPEB liability	(100,423)
Total prior period adjustment	(98,198)
Beginning net position as restated	$ 95,160

15. SUBSEQUENT EVENTS

The Station has evaluated events occurring subsequent to June 30, 2018 as to their potential impact to the financial statements through January 9, 2019, which is the date the financial statements were available to be issued.

Subsequent to year end, the Station entered talks to become the licensed manager of the public radio station WCBU-FM at Bradley University in Peoria, Illinois. If an agreement is reached, the Station plans to assume management responsibilities some time yet to be determined between late spring and early fall of 2019.

REQUIRED SUPPLEMENTARY INFORMATION

WGLT-FM RADIO

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2018

	FY 2018	FY 2017	FY 2016	FY 2015
WGLT				
(a) Proportion Percentage of the Collective Net Pension Liability	0%	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	2,055,443	2,055,547	2,186,404	2,064,657
Total (b) + (c)	2,055,443	2,055,547	2,186,404	2,064,657
Employer DB Covered Payroll	789,410	724,494	756,995	748,795
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll	260.38%	283.72%	288.83%	275.73%
SURS Plan Net Position as a Percentage of Total Pension Liability	42.04%	39.57%	42.37%	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 notes to required supplementary information.

WGLT-FM RADIO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSION
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2018

	FY 2018	FY 2017	FY 2016	FY 2015
WGLT				
Federal, Trust, Grant and Other contribution	$ 6,837	$ 17,418	$ 11,165	$ 16,682
Contribution in relation to required contribution	6,837	17,418	11,165	16,682
Contribution deficiency (excess)	-	-	-	-
Employer Covered payroll	79,219	142,951	138,706	142,091
Contributions as a percentage of covered payroll	8.63%	12.18%	8.05%	11.74%

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 notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the years ended June 30, 2018 and 2017

1. CHANGE OF BENEFIT TERMS

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017.

2. 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. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

WGLT-FM RADIO

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2018

	FY 2018	FY 2017
WGLT		
(a) Proportion Percentage of the Collective Net OPEB Liability	0.0002%	0.0002%
(b) Proportion Amount of the Collective Net OPEB Liability	$ 89,376	$ 100,423
Employer DB Covered Payroll	443,552	440,657
Proportion of Collective Net OPEB Liability associated with Employer as a percentage of DB covered payroll	20.15%	22.79%

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 notes to required supplementary information.

WGLT-FM RADIO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OPEB
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2018

	FY 2018	FY 2017
WGLT		
Federal, Trust, Grant and Other contribution	$ 4,266	$ 4,585
Contribution in relation to required contribution	4,266	4,585
Contribution deficiency (excess)	-	-
Employer Covered payroll	443,552	440,657
Contributions as a percentage of covered payroll	0.96%	1.04%

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 notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the years ended June 30, 2018 and 2017

1. PAYMENT OF BENEFITS

No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of the OPEB. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis.

2. FACTORS THAT AFFECT TRENDS IN THE AMOUNTS REPORTED

An actuarial valuation was performed as of June 30, 2016, for the years ending June 30, 2010 to June 30, 2014, with a measurement date as of June 30, 2017. The following assumptions were used:

- Mortality rates: RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants.
- Salary increase: Dependent upon service and participation in the respective retirement systems. Includes inflation rate of 2.75%, salary increase 3.0% - 15.0%.
- Healthcare Cost Trend Rate: Medical (Pre-Medicare) 8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.01% in the second year to 7.49%, followed by grading down of 0.5% per year over 5 years to 4.99% in year 7; Medical (Post-Medicare) 9.0% grading down 0.5% per year over 9 years to 4.5%; Dental 7.5% grading down 0.5% per year over 6 years to 4.5%; Vision 3%.
- Retiree’s share of benefit-related costs: Healthcare premium rates for members depend on the date of retirement and the years of services earned at retirement.

SUPPLEMENTAL INFORMATION

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2018

	Program Services				Total Supporting Services				
	Programming & Production								
	National	Local & Other	Broadcasting	Total Program Services	Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total Expenses June 30, 2018
Salaries	$ -	$ 402,502	$ 48,519	$ 451,021	$ 75,834	$ 141,896	$ 140,704	$ 358,434	$ 809,455
Employee benefits	-	171,523	23,685	195,208	27,220	45,638	51,224	124,082	319,290
OPEB (on-behalf)	-	48,947	171	49,118	19,610	36,520	10,256	66,386	115,504
Consulting fees	160	3,000	-	3,160	-	-	9,500	9,500	12,660
Professional fees	170	6,587	3,762	10,519	25	48,925	29,253	78,203	88,722
Occupancy	20,345	101,725	51,865	173,935	20,345	30,345	20,345	71,035	244,970
Production costs	-	-	-	-	-	17,446	8,532	25,978	25,978
Programming costs	172,790	3,082	1,221	177,093	-	-	-	-	177,093
Promotional costs	-	-	-	-	-	5,601	-	5,601	5,601
Repairs and maintenance	-	-	2,895	2,895	-	1,813	23,162	24,975	27,870
Equipment expense	-	-	11,126	11,126	-	2,620	5,335	7,955	19,081
Memberships	3,338	5,545	-	8,883	607	409	4,070	5,086	13,969
Subscriptions	-	1,860	630	2,490	-	14,795	721	15,516	18,006
Postage	-	-	-	-	-	5,127	-	5,127	5,127
Printing	-	-	-	-	-	7,078	-	7,078	7,078
Telephone	-	-	-	-	-	-	1,562	1,562	1,562
Auto expense	-	-	-	-	-	-	681	681	681
Travel	-	412	-	412	-	-	209	209	621
Advertising	-	-	-	-	1,000	38,823	27,350	67,173	67,173
Other	-	70	-	70	-	8,062	10,479	18,541	18,611
Bank charges	-	-	-	-	-	-	1,533	1,533	1,533
Supplies	-	-	-	-	-	2,233	5,873	8,106	8,106
Bad debt	-	-	-	-	6,500	-	-	6,500	6,500
Totals before depreciation	196,803	745,253	143,874	1,085,930	151,141	407,331	350,789	909,261	1,995,191
Depreciation expense	16,336	16,336	-	32,672	-	-	-	-	32,672
Total expenses	$ 213,139	$ 761,589	$ 143,874	$ 1,118,602	$ 151,141	$ 407,331	$ 350,789	$ 909,261	$ 2,027,863

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

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2017

	Program Services				Total Supporting Services				
	Programming & Production								
	National	Local & Other	Broadcasting	Total Program Services	Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total Expense June 30, 2017
Salaries	$ -	$ 353,061	$ 50,990	$ 404,051	$ 95,736	$ 135,442	$ 114,499	$ 345,677	$ 749,728
Employee benefits	-	137,865	19,092	156,957	28,709	38,441	38,992	106,142	263,099
Consulting fees	-	6,520	-	6,520	-	-	9,000	9,000	15,520
Professional fees	425	5,067	-	5,492	827	19,584	26,618	47,029	52,521
Occupancy	18,817	94,086	48,977	161,880	18,817	19,817	19,429	58,063	219,943
Production costs	-	-	-	-	-	53,957	407	54,364	54,364
Programming costs	143,397	3,633	-	147,030	-	-	-	-	147,030
Promotional costs	-	-	-	-	-	12,440	2,493	14,933	14,933
Repairs and maintenance	-	-	906	906	-	-	195	195	1,101
Equipment expense	-	-	2,569	2,569	-	104	6,079	6,183	8,752
Memberships	10,212	444	3,812	14,468	-	761	-	761	15,229
Subscriptions	-	1,038	372	1,410	-	6,578	1,050	7,628	9,038
Postage	-	-	-	-	-	7,968	-	7,968	7,968
Printing	-	-	-	-	-	2,222	-	2,222	2,222
Telephone	-	-	-	-	-	99	792	891	891
Auto expense	-	73	-	73	-	-	299	299	372
Travel	-	82	-	82	-	2,983	-	2,983	3,065
Advertising	-	-	-	-	-	34,112	-	34,112	34,112
Other	-	84	-	84	-	3,963	8,275	12,238	12,322
Bank charges	-	-	-	-	-	-	1,485	1,485	1,485
Supplies	-	-	-	-	-	2,150	3,727	5,877	5,877
Bad Debt	-	-	-	-	5,000	-	-	5,000	5,000
Totals before depreciation	172,851	601,953	126,718	901,522	149,089	340,621	233,340	723,050	1,624,572
Depreciation expense	13,733	13,733	-	27,466	-	-	-	-	27,466
Total expenses	$ 186,584	$ 615,686	$ 126,718	$ 928,988	$ 149,089	$ 340,621	$ 233,340	$ 723,050	$ 1,652,038

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