WGLT-FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ILLINOIS STATE UNIVERSITY

ANNUAL FINANCIAL REPORT

Year ended June 30, 2019

MCK
CPAs & ADVISORS

WGLT-FM RADIO

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June 30, 2019

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Prior Period Financial Statements

The financial statements as of June 30, 2018 were audited by Sulaski & Webb, CPAs, who merged with MCK CPAs & Advisors as of November 1, 2018, and whose report dated January 9, 2019, expressed an unmodified opinion on those statements.

MCK CPAs & Advisors

Bloomington, IL
February 12, 2020

WGLT PUBLIC STATION
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

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, 2019. 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 300,000 population; out of that number approximately 20,000-25,000 listen each week. Contributing membership consists of approximately 1,600 households. WGLT's format is primarily news and information, with music and other specialty programming on weekends. WGLT's identifying and positioning statement is "89-1 WGLT 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 stream of its on-air programming since 2000, and also offers a separate 24/7 music streaming service called "Highway 309", which features both old and contemporary rates based music, including blues, folk, Americana, jazz, rock, soul, and gospel. WGLT continues to increase its text, photo, and audio news and feature reporting offerings, including several podcasts (including a new daily news roundup, The Leadoff, which launched in April 2019), 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, with monthly unique visitors averaging between 4-6 times higher than three 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, give or take small year-to-year variances.

In April of 2019, Illinois State University entered into an agreement with Bradley University for WGLT to manage day-to-day operations of WCBU, which is licensed to Bradley and serves the Peoria community. That agreement took effect on June 1, 2019, and calls for WCBU to maintain its own local on-air staff and some fundraising staff in Peoria, with management, operations, and business employees to be shared with WGLT and based in Normal. All funds raised by and donated to WCBU will be used exclusively for that station's operations; monies are not co-mingled with WGLT's funds and therefore are not reflected in this report. The agreement is for five years, with several subsequent optional renewal periods.

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.

Overview of the Financial Statements – continued

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.

The Statement of Net Position includes Assets, Liabilities and Net Position of the Station as of June 30, 2019. 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

WGLT's overall financial position has improved substantially over the past few years. The station has several revenue streams, and these were again a mixed bag in FY 2019. Individual giving improved, corporate support declined (in large part due to the loss of a large corporate client and the significant reduction of a local company's national buy with NPR, for which WGLT received a 10 percent commission), and grants and university support were steady. Overall, WGLT's net position increased slightly to $379,527 at the end of FY 2019.

WGLT is still 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). Progress on this project has been slowed however, as negotiation and implementation of the management agreement with WCBU/Bradley University occupied significant amounts of staff time. Some of the equipment replacement has already begun and will continue though FY 2020 and FY 2021.

The station continued to add to three endowments, administered by the ISU Foundation, that were created in the fiscal year 2012. See page 33, Note 13.

Financial Highlights – continued

Net Position totaled $379,527 for the year ended June 30, 2019 (FY 2019) and $360,568 for the year ended June 30, 2018 (FY 2018). Operating Revenues totaled $2,053,861 in FY 2019, compared to $2,122,662 in FY 2018, while Operating Expenses totaled 2,060,993 in FY 2019 compared to $2,027,863 in FY 2018. The increase in expenses for FY 2019 is primarily attributable to earned vacation time payouts made to two full-time employees who retired during the year. The net operating result for FY 2019 was a loss of $7,132; this follows three years of operational surpluses: $94,799, $147,940, and $129,733 in FYs 2018, 2017, and 2016, respectively. Those 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 $223,247 at June 30, 2019.

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, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash	$ 225,747	211,297
Accounts receivable (net of allowance of $0 and $8,500, respectively)	54,809	134,379
Promises to give - current portion	14,000	
Total current assets	294,556	345,676
Noncurrent assets:		
Promises to give - less current portion	25,446	
Due from Bradley University WCBU-FM	27,905	
Endowment fund investments	131,477	122,335
Property and equipment	734,894	707,316
Less: accumulated depreciation	(511,647)	(491,965)
Total noncurrent assets	408,075	337,686
TOTAL ASSETS	702,631	683,362
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	4,969	6,837
Deferred outflows related to OPEB	1,837	1,912
Total deferred outflows of resources	$ 6,806	8,749

WGLT-FM RADIO

STATEMENTS OF NET POSITION (Continued)
June 30, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	**$ 58,759**	27,547
Accrued vacation and sick pay	**118,530**	126,107
Due to Illinois State University	**46,010**	74,849
Deferred revenue	**10,300**	
Total current liabilities	**233,599**	228,503
Noncurrent liabilities:		
Net OPEB liability	**71,189**	89,376
Total noncurrent liabilities	**71,189**	89,376
TOTAL LIABILITIES	**304,788**	317,879
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	**25,122**	13,664
NET POSITION		
Net investment in capital assets	**220,716**	215,351
Restricted for:		
Facilities and equipment	**40,827**	7,409
Expendable endowment	**5,671**	3,645
Nonexpendable endowment	**125,806**	118,690
Unrestricted	**(13,493)**	15,473
TOTAL NET POSITION	**$ 379,527**	360,568

WGLT-FM RADIO

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION AND CHANGES IN NET POSITION
Years ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
General appropriations from Illinois State University	**$ 352,110**	350,994
On-behalf of state - general	**290,312**	268,009
On-behalf of state - OPEB	**199,721**	115,504
Corporate giving	**37,468**	41,524
Business underwriting	**262,695**	405,728
Contributed support from ISU Office of the Provost	**-**	4,805
Special fund-raising projects	**74,134**	127,159
Donated facilities and administrative support from Illinois State University	**220,232**	203,450
Donated materials and other services	**80,964**	116,154
Individual giving	**377,441**	328,329
Corporation for Public Broadcasting - community service grants	**137,424**	142,506
Illinois Public Broadcasting grant	**21,360**	18,500
Total operating revenue	**2,053,861**	2,122,662
Operating expenses:		
Program services:		
Programming and production:		
National	**211,838**	213,139
Local and other	**778,979**	761,589
Broadcasting	**127,536**	143,874
Supporting services:		
Underwriting and grant solicitation	**176,562**	151,141
Fundraising and membership development	**439,569**	407,331
Management and general	**326,509**	350,789
Total operating expenses	**2,060,993**	2,027,863
Operating income (loss)	**$ (7,132)**	94,799

WGLT-FM RADIO

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION AND CHANGES IN NET POSITION (Continued)
Years ended June 30, 2019 and 2018

	2019	2018
Non-operating revenues:		
Unrealized gain on endowment funds	**$ 9,093**	10,084
Gain (loss) on disposal of fixed assets	**-**	(5,500)
Miscellaneous income	**14,198**	806
Total non-operating revenues	**23,291**	5,390
Additions to endowments	**2,800**	300
Change in net position	**18,959**	100,489
Net position - beginning	**360,568**	260,079
Net position - ending	**$ 379,527**	360,568

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STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
State appropriations	**$ 352,110**	350,994
On-behalf of state	**490,033**	383,513
Corporate giving	**37,468**	41,524
Business underwriting	**350,765**	356,201
Contributed support from ISU	**-**	4,805
Community service grants	**137,424**	142,506
Illinois Public Broadcasting grants	**21,360**	18,500
Individual giving	**337,995**	329,329
Special fundraising projects	**74,134**	127,159
Transfer from (to) endowment	**9,142**	1,533
Payments to vendors	**(553,567)**	(496,487)
Payments to employees	**(1,139,296)**	(1,115,486)
Net cash flows from operating activities	**117,568**	144,091
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from (to) Illinois State University	**(28,839)**	6,439
Proceeds from (to) Bradley University WCBU-FM	**(27,905)**	
Net cash flows from non-capital financing activities	**(56,744)**	6,439
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	**(46,374)**	(65,179)
Net increase (decrease) in cash and cash equivalents	**14,450**	85,351
Cash, beginning of year	**211,297**	125,946
Cash, end of year	**$ 225,747**	211,297

WGLT-FM RADIO

STATEMENTS OF CASH FLOWS (Continued)
Years ended June 30, 2019 and 2018

		2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Increase in net assets	**$**	**18,959**	100,489
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities			
Depreciation		**38,478**	32,672
Transfer from other funds		**(9,142)**	(8,851)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		**79,570**	(49,527)
(Increase) decrease in promises to give		**(39,446)**	1,000
(Increase) decrease in prepaid expenses		**-**	26,626
(Increase) decrease in deferred outflows		**1,943**	10,894
Increase (decrease) in accounts payable		**23,635**	28,171
Increase (decrease) in deferred revenue		**10,300**	
Increase (decrease) in deferred inflows		**11,458**	13,664
Increase (decrease) in net OPEB liabilities		**(18,187)**	(11,047)
Net cash provided (used) by operating activities	**$**	**117,568**	144,091

Note 1 - 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.

Additionally, as a result of an agreement between Illinois State University and Bradley University, WGLT assumed responsibility for managing day-to-day operations for WCBU-FM (as well as its online and social media platforms) in Peoria on June 1, 2019. All WCBU employees are now employees of Illinois State and are part of WGLT's organization chart. All funds raised by WCBU are segregated from those raised by WGLT and must be used for WCBU operations. Bradley University remains WCBU's license holder and is responsible for ensuring the station is FCC compliant.

Note 2 - 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:

<u>Proprietary Fund</u>: 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.

Note 2 - Significant Accounting Policies, continued

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, 2019 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.

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, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements totaled $ 80,964 and $ 116,154, 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 7 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; if the contribution is for a specific purpose, then their usage is restricted for that purpose. Unconditional promises to give are recognized as revenue when the promise is received. Conditional promises are not recognized until they become unconditional, that is, in the period in which the conditions on which they depend are substantially met. Contributions receivable due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved, currently two percent.

Note 2 - Significant Accounting Policies, continued

Accounts receivable: Accounts receivable represents uncollected underwriting revenue. Allowances for uncollectible accounts had been established at June 30, 2018 based on experience and a review of the current status of accounts. For the fiscal year ended June 30, 2019, there was no allowance balance as there was no bad debt recorded.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and inflows of resources related to pensions, pension expense, information about the plan net position of the State Universities Retirement System (SURS), 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.

For financial reporting purposes, the State of Illinois and its participating employers are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (WGLT) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. WGLT recognizes its proportionate share of the State's pension expense relative to WGLT's employees as non-operating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

Postemployment Benefits Other than Pension (OPEB): The State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375), as amended, authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, to provide health, dental, vision, and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and WGLT employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. The Department of Central Management Services (CMS) administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State, including SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

Given the preceding environment, WGLT has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees paid from Illinois State University's Income Fund or auxiliary enterprises, while (2) WGLT is responsible for OPEB employer contributions for employees paid from trust, federal, and other funds.

Note 2 - Significant Accounting Policies, continued

Special funding situation portion of OPEB: A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (WGLT) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2019, WGLT made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was considered a contribution of $ 4,054 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

WGLT recognizes the proportionate share of the State's OPEB expense relative to WGLT's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

WGLT's portion of OPEB: WGLT reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on WGLT's proportionate share of amounts paid to SEGIP pursuant to SEGIA for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to SEGIA. The collective amounts paid to SEGIP pursuant to SEGIA includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by Illinois State University's General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

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.

Note 2 - Significant Accounting Policies, continued

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.

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 2019, WGLT implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* Neither Statement had a material impact on the financial statements.

Note 3 - Compensated Absences

The liability for compensated absences at June 30, 2019 and 2018 was $ 118,530 and $ 126,107, 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.

Note 4 - 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.

Note 4 - Grants, continued

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, 2019 is October 1, 2018 through September 30, 2020. The Community Service Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grant Received	Expended 2018	Expended 2019	Uncommitted Balance at June 30, 2019
2017	-	35,865	-	-
2018	-	105,868	35,105	1,533
2019	**$ 137,424**	**-**	**$ 108,782**	**$ 28,642**

The grant period for the grant obtained during the year ended June 30, 2018 is October 1, 2017 through September 30, 2019, and was received and expended as follows:

Year of Grant	Grant Received	Expended 2017	Expended 2018	Uncommitted Balance at June 30, 2018
2016	-	15,499	-	-
2017	-	99,928	35,865	-
2018	142,506	-	105,868	36,638

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, 2019 is October 15, 2018 through August 31, 2019. 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 2018	Expended 2019	Uncommitted Balance at June 30, 2019
2018	-	-	18,500	-
2019	21,360	-	13,438	7,922

Note 4 - Grants, continued

The grant period for the grant obtained during the year ended June 30, 2018 is October 15, 2017 through August 31, 2018, and was received and expended as follows:

Year of Grant	Grant Received	Expended 2017	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.

Note 5 - 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 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 $ 1,799,593 and $ 1,845,782 for the years ended June 30, 2019 and 2018, respectively.

Note 6 - Property and Equipment

A summary of property and equipment activity for the year ended June 30, 2019, was as follows:

	June 30, 2019 Ending Balance	Additions	Reductions	July 1, 2018 Beginning Balance
Building improvement	**$ 24,083**	-	(500)	24,583
Transmitters, antenna and towers	**308,727**	-	-	308,727
Studios and other broad-casting equipment	**182,068**	46,374	(7,920)	143,614
Furniture and fixtures	**220,016**	-	(10,376)	230,392
Total	**734,894**	46,374	(18,796)	707,316
Less accumulated depreciation:				
Building improvements	**7,440**	900	(500)	7,040
Transmitters, antenna and towers	**192,159**	17,459	-	174,700
Studio and other broad-casting equipment	**97,030**	17,616	(7,920)	87,334
Furniture and fixtures	**215,018**	2,503	(10,376)	222,891
Total	**511,647**	38,478	(18,796)	491,965
Property and equipment, net	**$ 223,247**	7,896	-	215,351

Note 6 - Property and Equipment, continued

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 broad-casting 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 broad-casting 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

Depreciation expense for the years ended June 30, 2019 and 2018 was $ 38,478 and $ 32,672, respectively.

Note 7 - 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, 2019, 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 $ 220,232 and $ 203,450 for the years ended June 30, 2019 and 2018, respectively.

Note 8 - 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, 2019 and June 30, 2018 totaled $ 352,110 and $ 350,994, respectively.

Note 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, 2018 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 2018 and 2019 respectively, was 12.46% and 12.29% 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), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Note 9 – Defined Benefit Pension Plans, continued

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, 2018. At June 30, 2018, SURS reported a net pension liability (NPL) of $ 27,494,556,682.

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 $ 2,187,353 or 0.0080%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2018 was determined based on the June 30, 2017 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 2018.

Pension expense: At June 30, 2018 SURS reported a collective net pension expense of $ 2,685,322,700.

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 2018. As a result, WGLT recognized on-behalf revenue and pension expense of $ 213,633 for the fiscal year ended June 30, 2019.

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	$ 65,521,614	181,032,053
Changes in assumptions	1,286,257,095	123,218,306
Net difference between projected and actual earnings on pension plan investments	26,810,634	-
Total	$ 1,378,589,343	304,250,359

Note 9 - Defined Benefit Pension Plans, 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
2019	$	763,171,084
2020		540,443,042
2021		(192,612,398)
2022		(36,662,744)
2023		-
Thereafter		-
Total	$	1,074,338,984

Employer Deferral of Fiscal Year 2019 Pension Expense

Employer paid $ 4,969 in federal, trust or grant contributions for the fiscal year ended June 30, 2019. These contributions were made subsequent to the pension liability date of June 30, 2018 and are recognized as Deferred Outflows of Resources as of June 30, 2019.

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 - 2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP-2014 Combined Mortality Table with projected general mortality and a separate mortality assumption for disabled participants.

Note 9 - Defined Benefit Pension Plans, 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, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.00%
Private Equity	6%	8.50%
Non-U.S. Equity	19%	6.45%
Global Equity	8%	6.00%
Fixed Income	19%	1.50%
Treasury-Inflation Protected Securities	4%	0.75%
Emerging Market Debt	3%	3.65%
Real Estate REITS	4%	5.45%
Direct Real Estate	6%	4.75%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	100%	4.55%
Inflation		2.75%
Expected Arithmetic Return		7.30%

Discounted rate: A single discount rate of 6.65% 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 6.75% and a municipal bond rate of 3.62% (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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Note 9 - Defined Benefit Pension Plans, 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 6.65%, 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 5.65%	Current Single Discount Rate Assumption 6.65%	1% Increase 7.65%
$ 33,352,188,584	$ 27,494,556,682	$ 22,650,651,520

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.

Note 10 - Other Post-employment Benefits

General Information on the Post-Employment Plan

Plan description: SEGIA, as amended, authorizes 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 SURS are eligible for these OPEB.

CMS administers OPEB for annuitants with the assistance of SURS. The State recognizes SEGIP as a single-employer defined benefit plan, which 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 SEGIA. 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. SEGIA 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.

Note 10 - Other Post-employment Benefits, continued

Funding policy and annual OPEB cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, SEGIP contributions pursuant to SEGIA (5 ILCS 375/11), and Federal government subsidies from the Medicare Part D program. These contributions are deposited in the Health Insurance Reserve Fund, which covers both active employees and retired 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 SURS, 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 credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date.

CMS' Director, on an annual basis, determines the amount of contributions necessary to fund the basic program of group benefits. The State's contributions are made primarily from the State's General Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree benefits and a separate trust has not been established for the funding of OPEB.

For fiscal year 2019, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $ 11,269 ($ 6,699 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and $ 13,824 ($ 4,984 if Medicare eligible) per member 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.

CMS' changes in estimates: For the measurement date of June 30, 2019, CMS experienced two significant changes within its estimation process. The OPEB for both the special funding situation and the portion of OPEB where WGLT is responsible for employer contributions are both significantly impacted by (1) WGLT's number of participants in SEGP and (2) the average cost per employee within SEGIP. CMS made changes to its estimation methodology that resulted in significant differences within its estimates which represent an outcome of estimation uncertainty that, as time has passed and new sources of better data have become available, continued to be refined to achieve a more representative reflection of the actual outcome of the estimate in future periods. As such, WGLT experienced a significant decrease in its own OPEB liability and expense and in the non-operating revenue and operating expenses recognized from the special funding situation.

Special funding situation portion of OPEB: The proportionate share of the State's OPEB expense relative to WGLT's employees totaled $ 199,721 during the year ended June 30, 2019. This amount was recognized by WGLT as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2019.

Note 10 - Other Post-employment Benefits, continued

While WGLT is not required to record the portion of the State's OPEB liability related to WGLT's employees resulting from the special funding situation, WGLT is required to disclose this amount. The proportionate share of the State's contributions related to WGLT's special funding situation relative to all employer contributions during the year ended June 30, 2018 and 2017, each based on the June 30, 2017 and 2016, respectively, actuarial valuation rolled forward are as follows:

Measurement date:	June 30, 2018	June 30, 2017
State of Illinois's OPEB liability related to WGLT under the special funding situation	$ 2,703,621	3,716,592
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportion share of the total OPEB liability	0.0067%	0.0090%

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, 2019, was measured as of June 30, 2018, with an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date. The proportionate share of WGLT's contributions relative to all employer contributions during the years ended June 30, 2018 and 2017, each based on the June 30 2017 and 2016, respectively, actuarial valuation rolled forward are as follows:

Measurement date:	June 30, 2018	June 30, 2017
WGLT's OPEB liability	$ 71,189	89,376
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportion share of the total OPEB liability	0.0002%	0.0002%

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, 2018. As of the current year measurement date of June 30, 2018, WGLT's proportion did not change from its proportion measures as of the prior year measurement date of June 30, 2017.

Note 10 – Other Post-employment Benefits, continued

WGLT recognized OPEB expense for the year ended June 30, 2019, of $ 1,513. At June 30, 2019, WGLT reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2018, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 18	1,568
Changes of assumptions	-	6,685
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	16,869
Contributions subsequent to the measurement date	1,819	-
Total	$ 1,837	25,122

The amounts reported as deferred outflows of resources related to OPEB resulting from WGLT's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2020. 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*
2020	(6,517)
2021	(6,517)
2022	(6,517)
2023	(5,024)
2024	(528)
Total	(25,103)

*Expensed over the average remaining service life of active and inactive participants (5.138 years)

Note 10 - Other Post-employment Benefits, continued

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, 2017, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2017.

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Inflation rate	2.75%
Projected salary increases*	3.00% - 15.00%
Discount rate	3.62%
Healthcare cost trend rate:	
Medical (pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.08% in the second year to 7.42%, followed by grading down of 0.5% per year over 5 years to 4.92% in year 7
Medical (post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental and vision	6.0% grading down 0.5% per year over 3 years to 4.5%
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 2018 and 2019 are based on actual premiums. Premiums after 2019 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.

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

Note 10 - Other Post-employment Benefits, continued

Additionally, the demographic assumption used in this OPEB valuation are identical to those used in the June 30, 2017 valuations for SURS as follows:

Retirement age experience study*	Mortality**
July 2014 - June 2017	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.

Since the last measurement date on June 30, 2018, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. Further, no changes have occurred since the measurement date and WGLT's fiscal year end on June 30, 2019, that are expected to have a significant impact on WGLT's proportionate share of the total collective OPEB liability.

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 3.56% at June 30, 2017, and 3.62% at June 30, 2018, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents WGLT's proportionate share of the plan's total OPEB liability measured as of June 30, 2018, calculated using a Single Discount Rate of 3.62%, as well as what WGLT's proportionate share of the plan's total OPEB liability would be if it were calculated using Single Discount Rate that is one percentage point higher (4.62%) or lower (2.62%) than the current rate:

1% Decrease (2.62%)	Current Single Discount Rate Assumption (3.62%)	1% Increase (4.62%)
$ 83,460	$ 71,189	$ 61,447

Note 10 - Other Post-employment Benefits, continued

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents WGLT's proportionate share of the plan's total OPEB liability measured as of June 30, 2018, calculated using the healthcare cost trend rates as well as what WGLT's proportionate share of 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. For calculating the healthcare cost trend rates assumption, the key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.92% in 2026, for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage. For the 1% increase for calculating the healthcare cost trend rates assumption, the key trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.92% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
$ 60,127	$ 71,189	$ 85,560

Total OPEB liability associated with WGLT, regardless of funding source: WGLT is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to WGLT's employees resulting from the special funding situation WGLT is not required to record and (2) the portion of OPEB liability recorded by WGLT for its employees paid from trust, federal, and other sources. The following presents the proportionate share of contributions, regardless of funding source, associated with WGLT's employees relative to all employer contributions during the year ended June 30, 2018 and 2017, each based on the June 30, 2017 and 2016, respectively, actuarial valuation rolled forward:

Measurement date:	June 30, 2018	June 30, 2017
State of Illinois's OPEB liability related to WGLT under the special funding situation	$ 2,703,621	3,716,592
WGLT's OPEB liability	71,189	89,376
Total OPEB liability associated with WGLT	2,774,810	3,805,968
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportion share of the OPEB liability associated with WGLT	0.0069%	0.0092%

Note 11 - 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:

	2019	2018
Benefits	**$ 251,752**	231,108
SURS contributions	**38,560**	36,901
OPEB expense	**199,721**	115,504
Total	**$ 490,033**	383,513

Note 12 - 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 $ 30,140 and $ 26,627 for the years ended June 30, 2019 and 2018, respectively.

Future minimum payments per this agreement are as follows:

Year ending June 30,	
2020	$ 31,650
2021	33,230
Thereafter	-
Total	$ 64,880

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.

Note 13 - 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, 2019 and 2018, which can be obtained from the ISU Foundation. The Station has the following endowment agreements:

<u>WGLT Future Endowment Fund</u>: 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 $ 300, expenses were $ 861 and $ 769, unrealized gains was $ 4,432 and $ 4,959, and the balance of the fund was $ 63,732 and $ 59,862 as of June 30, 2019 and 2018, respectively.

<u>Albert Attaway Fund</u>: 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 $ 464 and $ 419, unrealized gains were $ 2,365 and $ 2,672, and the balance of the fund was $ 34,294 and $ 32,392 as of June 30, 2019 and 2018, respectively.

<u>Sutherland Endowment</u>: 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 $ 2,500 and $ 0, expenses were $ 1,426 and $ 344, unrealized gains were $ 2,296 and $ 2,453, and the balance of the fund was $ 33,451 and $ 30,081 as of June 30, 2019 and 2018, respectively.

Note 14 - 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, 2019 and 2018 totaled $ 43,751 and $ 72,589, 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, 2019 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, 2019 to the College of Arts and Sciences was $ 1,764.

Note 15 - Related Parties

The Station is the licensed manager of the public radio station WCBU-FM at Bradley University in Peoria, Illinois. The Station paid for equipment purchases and other expenses incurred by WCBU-FM, resulting in a balance due from WCBU-FM as of June 30, 2019 in the amount of $ 27,905. No balance was due as of June 30, 2018.

Note 16 - Promises to Give

The Station has outstanding unconditional promises to give as follows at June 30, 2019:

Receivable in less than one year	$	14,000
Receivable in one to five years		27,000
Receivable in more than five years		-
Total promises to give		41,000
Less: discount to net present value		(1,554)
Net promises to give	$	39,446

Promises to give that are receivable over longer than one year are discounted using an assumed risk-free rate of 2%.

Management considers all promises to give receivable to be fully collectible; therefore, no allowance for uncollectible amounts is necessary.

Note 17 - Subsequent Events

The Station has evaluated events occurring subsequent to June 30, 2019 as to their potential impact to the financial statements through February 12, 2020, 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, 2019

		2019	2018
WGLT			
(a) Proportion Percentage of the Collective Net Pension Liability		**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		**2,187,353**	2,055,443
Total (b) + (c)		**2,187,353**	2,055,443
Employer DB Covered Payroll		**800,730**	789,410
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll		**273.17%**	260.38%
SURS Plan Net Position as a Percentage of Total Pension Liability		**41.27%**	42.04%

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

See notes to required supplementary information.

2017	2016	2015
0%	0%	0%
-	-	-
2,055,547	2,186,404	2,064,657
2,055,547	2,186,404	2,064,657
724,494	756,995	748,795
283.72%	288.83%	275.73%
39.57%	42.37%	44.39%

WGLT-FM RADIO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSION
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2019

		2019	2018
WGLT			
Federal, Trust, Grant and Other contribution	$	**4,969**	6,837
Contribution in relation to required contribution		**4,969**	6,837
Contribution deficiency (excess)		**-**	-
Employer Covered payroll		**68,283**	79,219
Contributions as a percentage of covered payroll		**7.28%**	8.63%

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

See notes to required supplementary information.

2017	2016	2015
17,418	11,165	16,682
17,418	11,165	16,682
-	-	-
142,951	138,706	142,091
12.18%	8.05%	11.74%

WGLT-FM RADIO

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2019

	2019	2018	2017
WGLT			
Proportion percentage of the collective net OPEB liability	**0.0002%**	0.0002%	0.0002%
Proportion amount of the collective net OPEB liability	**$ 71,189**	89,376	100,423
Covered employee payroll	**448,620**	443,552	440,657
Proportionate share of the collective net OPEB liability as a percentage of covered-employee payroll	**15.87%**	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

See notes to required supplementary information.

WGLT-FM RADIO

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OPEB
STATE UNIVERSITIES RETIREMENT SYSTEM
June 30, 2019

	2019	**2018**	**2017**
WGLT			
Contractually required contribution	**$ 4,926**	4,266	4,585
Contribution in relation to required contribution	**4,926**	4,266	4,585
Contribution deficiency (excess)	**-**	-	-
Employer covered payroll	**448,620**	443,552	440,657
Contributions as a percentage of covered payroll	**1.10%**	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

See notes to required supplementary information.

STATE UNIVERSITIES RETIREMENT SYSTEM

PENSION PLAN

Note 1 - Change of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2018.

Note 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, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74, and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates 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.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

STATE UNIVERSITIES RETIREMENT SYSTEM (Continued)

POST-EMPLOYMENT BENEFITS PLAN

Note 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.

Note 2 - Factors that Affect Trends in the Amounts Reported

An actuarial valuation was performed as of June 30, 2017 with a measurement date as of June 30, 2018. 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 0.08% in the second year to 7.42%, followed by grading down of 0.5% per year over 5 years to 4.92% in year 7; Medical (Post-Medicare) 9.0% grading down 0.5% per year over 9 years to 4.5%; Dental and Vision 6.0% grading down 0.5% per year over 3 years to 4.5%.
- 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.

OTHER SUPPLEMENTAL INFORMATION

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Services			
	Programming & Production			Total
	National	Local & Other	Broadcasting	Program Services
Salaries	$ -	380,459	38,939	419,398
Employee benefits		157,326	24,431	181,757
OPEB (on-behalf)		85,074	284	85,358
Consulting fees		5,200		5,200
Professional fees				-
Occupancy	22,023	110,116	54,983	187,122
Production costs		627		627
Programming costs	170,576	8,790		179,366
Promotional costs				-
Repairs and maintenance			3,368	3,368
Equipment expense			5,531	5,531
Memberships		2,388		2,388
Subscriptions		5,731		5,731
Postage				-
Printing				-
Telephone				-
Auto expense				-
Insurance				-
Travel		2,178		2,178
Advertising				-
Other		1,851		1,851
Bank charges				-
Supplies				-
Totals before depreciation	192,599	759,740	127,536	1,079,875
Depreciation expense	19,239	19,239		38,478
Total expenses	$ 211,838	778,979	127,536	1,118,353

Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
Total Supporting Services				
$ 86,191	168,349	152,218	406,758	826,156
23,829	28,239	66,952	119,020	300,777
36,320	60,353	17,690	114,363	199,721
	6,413	10,000	16,413	21,613
56	22,225	16,369	38,650	38,650
22,023	22,023	22,321	66,367	253,489
	38,816	2,000	40,816	41,443
6,842			6,842	186,208
	8,023		8,023	8,023
		2,332	2,332	5,700
		261	261	5,792
1,235	970	4,311	6,516	8,904
	12,929	1,002	13,931	19,662
	3,484		3,484	3,484
	4,895		4,895	4,895
	20	4,807	4,827	4,827
		498	498	498
		54	54	54
	765	996	1,761	3,939
	37,700	15,290	52,990	52,990
66	24,040	6,873	30,979	32,830
		1,751	1,751	1,751
	325	784	1,109	1,109
176,562	439,569	326,509	942,640	2,022,515
			-	38,478
$ 176,562	439,569	326,509	942,640	2,060,993

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Program Services			
	Programming & Production			Total Program Services
	National	Local & Other	Broadcasting	
Salaries	$ -	402,502	48,519	451,021
Employee benefits		171,523	23,685	195,208
OPEB (on-behalf)		48,947	171	49,118
Consulting fees	160	3,000		3,160
Professional fees	170	6,587	3,762	10,519
Occupancy	20,345	101,725	51,865	173,935
Production costs				-
Programming costs	172,790	3,082	1,221	177,093
Promotional costs				-
Repairs and maintenance			2,895	2,895
Equipment expense			11,126	11,126
Memberships	3,338	5,545		8,883
Subscriptions		1,860	630	2,490
Postage				-
Printing				-
Telephone				-
Auto expense				-
Travel		412		412
Advertising				-
Other		70		70
Bank charges				-
Supplies				-
Bad debt				-
Totals before depreciation	196,803	745,253	143,874	1,085,930
Depreciation expense	16,336	16,336		32,672
Total expenses	$ 213,139	761,589	143,874	1,118,602

Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
$ 75,834	141,896	140,704	358,434	809,455
27,220	45,638	51,224	124,082	319,290
19,610	36,520	10,256	66,386	115,504
		9,500	9,500	12,660
25	48,925	29,253	78,203	88,722
20,345	30,345	20,345	71,035	244,970
	17,446	8,532	25,978	25,978
			-	177,093
	5,601		5,601	5,601
	1,813	23,162	24,975	27,870
	2,620	5,335	7,955	19,081
607	409	4,070	5,086	13,969
	14,795	721	15,516	18,006
	5,127		5,127	5,127
	7,078		7,078	7,078
		1,562	1,562	1,562
		681	681	681
		209	209	621
1,000	38,823	27,350	67,173	67,173
	8,062	10,479	18,541	18,611
		1,533	1,533	1,533
	2,233	5,873	8,106	8,106
6,500			6,500	6,500
151,141	407,331	350,789	909,261	1,995,191
			-	32,672
$ 151,141	407,331	350,789	909,261	2,027,863