

WEIU - TV
EASTERN ILLINOIS UNIVERSITY
Charleston, Illinois

FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

	Page <u>No.</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
 BASIC FINANCIAL STATEMENTS	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position.....	11
Statements of Cash Flows.....	12
 FUND FINANCIAL STATEMENTS	
Balance Sheets.....	13
Statements of Revenues, Expenditures and Changes in Fund Balance	14
Notes to Financial Statements	15

GILBERT, METZGER & MADIGAN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Michael J. Metzger, CPA
Joyce A. Madigan, CPA
Kelsey D. Swing, CPA

6029 Park Drive, Suite A
P.O. Box 677
Charleston, Illinois 61920

phone (217) 345-2128
fax (217) 345-2315
website gmmcpa.com

Cleve Karch, CPA, Principal

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees for
Eastern Illinois University
WEIU-TV, A Public Television Station
Operated by Eastern Illinois University
Charleston, Illinois

We have audited the accompanying financial statements of WEIU-TV, a public television station operated by Eastern Illinois University as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise WEIU-TV's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 WEIU-TV'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 WEIU-TV'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.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gilbert, Metzger & Madigan, LLP

January 10, 2017

EASTERN ILLINOIS UNIVERSITY
RADIO AND TELEVISION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Eastern Illinois University Radio and Television Center annual financial report presents management's discussion and analysis of the financial performance of WEIU TV during fiscal years ended June 30, 2016 and 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of WEIU TV's management.

Reporting Entity

WEIU TV is considered to be a departmental unit of Eastern Illinois University (University), as defined by Eastern Illinois University. Transactions with the University relate primarily to teaching and educating University students in the Communication Studies and Journalism Departments as well as providing the University with professional quality production services.

WEIU TV is a PBS Beta Station (or partial, 25 percent, PBS affiliate) licensed to the Board of Trustees of Eastern Illinois University (EIU) with studios on the campus of EIU in Charleston, Illinois. WEIU TV went on the air July 1, 1986. Being a first-class technical television station allows WEIU to train students on the very best state-of-the-art television equipment. WEIU TV is widely recognized by industry professionals as one of the top broadcast training schools in the country. Student programs include live news broadcasting in a complete Avid Inews environment, live sports production, and radio training in our up-to-date radio facility with a popular format.

Using the Annual Report

These financial statements are prepared in accordance with the guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These statements focus on the financial condition of WEIU TV, the results of operations and cash flows of WEIU TV as a whole.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

As prescribed by GASB Statement No. 35, this annual report includes three financial statements: the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The accompanying notes to the financial statements provide more detailed information regarding the items presented on the face of the financial statements. An explanation of the financial statement presentation follows.

The Statement of Net Position reflects the assets and liabilities of WEIU TV using the accrual basis of accounting and presents the financial position of WEIU TV at a specified point in time. The difference between the total assets and total liabilities, known as net position, is one indicator of the current financial condition of WEIU TV. The increase or decrease in net position that occur over time indicates the improvement or erosion of WEIU TV's financial condition.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. Under the current revenue reporting model, state appropriation revenue is recorded when an expenditure is recorded. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by the University for which WEIU TV receives benefit based on percentage of square footage occupied by WEIU TV and the University as a whole. Contributions, pledges, grants and other support that are unrestricted are recorded as revenue when received.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital and related financing activities. The Fund Financial Statements also reports the Center's operations in more detail than the basic financial statements.

Financial Highlights

During the year ended June 30, 2016, WEIU TV's net position decreased \$455,660 from June 30, 2015. The reason for this is attributable to the fact that WEIU did not receive any appropriated money from Eastern Illinois University in 2016 as well as no state grant money for 2016. With the implementation of four pledge drives during the year as well as cost saving measures, WEIU was able to continue operation in 2016. With the current state of the economy, cost saving measures are still in place and have been effective. It is uncertain the source of future funding. It is not expected that there will be additional grant monies available for capital improvements in the near future. During the year ended June 30, 2015, WEIU TV's net position increased \$215,311.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

Condensed Statement of Net Position, as of June 30:

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 2,272,231	\$ 2,576,172
Capital Assets, Net	<u>523,372</u>	<u>698,152</u>
Total Assets	<u>\$ 2,795,603</u>	<u>\$ 3,274,324</u>
Liabilities		
Current and Other Liabilities	\$ <u>106,854</u>	\$ <u>129,915</u>
Net Position		
Net investment in capital assets	529,238	704,018
Restricted for Friends of WEIU TV	1,462,992	1,236,619
Unrestricted	<u>696,519</u>	<u>1,203,772</u>
Total Net Position	<u>2,688,749</u>	<u>3,144,409</u>
Total Liabilities and Net Position	<u>\$ 2,795,603</u>	<u>\$ 3,274,324</u>

The WEIU TV's current assets of \$2,272,231 and \$2,571,172 at June 30, 2016 and 2015, respectively, were sufficient to cover WEIU TV's fiscal year liabilities.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
State Support	\$ 717,758	\$ 1,356,906
State and Federal Grants and Contracts	0	67,135
Private Gifts, Grants and Contracts	1,254,700	1,268,663
Other Revenue	<u>1,775</u>	<u>1,590</u>
Total Revenue	1,974,233	2,694,294
Expenses		
Program Services	1,640,078	1,641,731
Support Services	<u>789,815</u>	<u>837,252</u>
Total Expenses	2,429,893	2,478,983
Change in Net Position	(455,660)	215,311
Net Position		
Net Position, beginning of year	<u>3,144,409</u>	<u>2,929,098</u>
Net Position, end of year	<u>\$ 2,688,749</u>	<u>\$ 3,144,409</u>

As of June 30, 2016 and 2015, 99.9% and 97.4%, respectively, of WEIU TV's revenue comes from state support or private gifts, grants and contracts. A breakdown of expenses follows.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

Operating expenses for the years ended June 30, 2016 and June 30, 2015 totaled \$2,429,893 and \$2,478,983 respectively. Of the total for 2016, \$708,713 or 29% was for programming and production, \$122,590 or 5% was for program information, \$681,998 or 28% was for broadcasting, \$126,777 or 5% was for the operation and maintenance of the plant, \$238,311 or 10% was for management or general, \$374,835 or 16% was for institutional support and \$176,669 or 7% was for underwriting, fundraising and membership expenses. The breakout by expense is highlighted below:

	<u>2016</u>	<u>2015</u>
Programming and Production	\$ 708,713	\$ 769,510
Program Information	122,590	120,826
Broadcasting	681,998	603,368
Operation and Maintenance of Plant	126,777	148,027
Management and General	238,311	254,840
Institutional Support	374,835	433,005
Underwriting, Fundraising and Membership	<u>176,669</u>	<u>149,407</u>
Total Expenses	\$2,429,893	\$2,478,983

Cost containment measures are still in place. WEIU TV is continuing to increase its efforts to increase income through fundraising and membership.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Cash Flows

The statement of cash flows provides information about WEIU TV's resources and uses of cash during the fiscal year.

Condensed Statement of Cash Flows for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Cash provided (used) by:		
Operating Activities	\$ (309,191)	\$ 463,438
Capital and related financing activities	<u>0</u>	<u>0</u>
Net increase (decrease) in cash	(309,191)	463,438
Cash and temporary investments, beginning of year	<u>2,531,702</u>	<u>2,068,264</u>
Cash and temporary investments, end of year	<u>\$ 2,222,511</u>	<u>\$ 2,531,702</u>

Underwriting

Underwriting is the name the FCC has given to announcements that recognize contributions to public television from businesses and organizations. During the broadcast day, WEIU TV acknowledges these contributors and provides a brief description of location, services, and contact information such as address, phone number and web site. Underwriting revenue is one of many sources of revenue for WEIU TV.

Underwriting revenue was approximately \$104,000 for fiscal year 2016 and approximately \$110,000 for fiscal year 2015. The following is a WEIU TV rate package:

Underwriting on WEIU TV costs \$150 per month for a 12 month minimum. The underwriting package includes 5 spots during prime time, 5 weekend spots and 10 spots from 12 am to 10 pm. The number of underwriters in fiscal year 2016 was 51 and was 47 in fiscal year 2015. There were 25 new underwriters for fiscal year 2016. The renewal rate for underwriters is 55% for fiscal year 2016 and was 74% for fiscal year 2015.

EASTERN ILLINOIS UNIVERSITY RADIO AND TELEVISION CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tower Lease

WEIU TV is currently leasing tower space to five cellular phone companies. Each has a lease agreement with various begin dates and lease amounts with yearly increases. Rents received were \$128,239 in fiscal year 2016 and \$124,345 in fiscal year 2015. There is a possibility of leasing additional tower space in fiscal year 2017. There is also the possibility for tower space rental on the Humboldt tower but there are no prospects at this time.

Economic Outlook

WEIU TV's operations are funded primarily through state support, grants and contracts along with private gifts, grants and contracts. WEIU TV continues to look at ways to help reduce operating expenses. For fiscal year 2017, WEIU TV is going to continue to reduce operating costs and look to alternative ways to save on the future need for capital expenditures.

BASIC FINANCIAL STATEMENTS

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

ASSETS		
	2016	2015
Current Assets:		
Cash and temporary investments	\$ 2,222,511	\$ 2,531,702
Accounts receivable	40,062	36,973
Grant and other receivables	9,658	2,497
Total current assets	2,272,231	2,571,172
Other Assets:		
Program licensing rights	-	5,000
Property and Equipment:		
Land	44,660	44,660
Furniture, equipment and tower	4,191,840	4,441,034
Accumulated depreciation	(3,713,128)	(3,787,542)
Net property and equipment	523,372	698,152
Total Assets	\$ 2,795,603	\$ 3,274,324
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 5,549	\$ 33,130
Other Liabilities:		
Accrued compensated absences	98,969	96,785
Deferred tower rent	2,336	-
Total other liabilities	101,305	96,785
Total liabilities	106,854	129,915
Net Position:		
Net investment in capital assets	529,238	704,018
Restricted for Friends of WEIU-TV	1,462,992	1,236,619
Unrestricted	696,519	1,203,772
Total net position	2,688,749	3,144,409
Total Liabilities and Net Position	\$ 2,795,603	\$ 3,274,324

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

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Support and Revenues:		
State Support:		
Appropriation	\$ 216,146	\$ 775,874
Indirect administrative support	501,612	581,032
State grants and contracts	-	67,135
Private gifts, grants and contracts	1,254,700	1,268,663
Other income	<u>1,775</u>	<u>1,590</u>
Total support and revenues	<u>1,974,233</u>	<u>2,694,294</u>
 Expenses:		
Program Services:		
Programming and production	708,713	769,510
Program information	122,590	120,826
Broadcasting	681,998	603,368
Operation and maintenance of plant	126,777	148,027
Supporting Services:		
Management and general	238,311	254,840
Institutional support	374,835	433,005
Underwriting, fundraising and membership	<u>176,669</u>	<u>149,407</u>
Total expenses	<u>2,429,893</u>	<u>2,478,983</u>
 Change in net position	(455,660)	215,311
 Net position, beginning of year	<u>3,144,409</u>	<u>2,929,098</u>
 Net Position, End of Year	<u>\$ 2,688,749</u>	<u>\$ 3,144,409</u>

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

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

Cash Flows from Operating Activities:	<u>2016</u>	<u>2015</u>
State support	\$ 634,333	\$ 1,298,474
State grants and contracts	-	67,135
Private gifts, grants and contracts	1,255,220	1,273,584
Payments for program services	(1,416,702)	(1,345,922)
Payments for support services	<u>(782,042)</u>	<u>(829,833)</u>
Net cash provided (used) by operating activities	<u>(309,191)</u>	<u>463,438</u>
Net increase (decrease) in cash and temporary investments	(309,191)	463,438
Cash and temporary investments, beginning of year	<u>2,531,702</u>	<u>2,068,264</u>
Cash and Temporary Investments, End of Year	<u>\$ 2,222,511</u>	<u>\$ 2,531,702</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Net income (loss) from operations	\$ (455,660)	\$ 215,311
Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	174,780	180,778
Net (Increase) Decrease in:		
Receivables	(10,250)	51,199
Program license agreements	5,000	7,844
Net Increase (Decrease) in:		
Accounts payable	(27,581)	8,790
Compensated absences	2,184	(484)
Deferred income	<u>2,336</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (309,191)</u>	<u>\$ 463,438</u>
Schedule of Non-Cash Operating Activities:		
On-behalf benefit contributions	\$ 83,425	\$ 245,956
On-behalf benefit expenditures	<u>(83,425)</u>	<u>(245,956)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

FUND FINANCIAL STATEMENTS

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
BALANCE SHEETS
June 30, 2016 and 2015

	2016				2015			
	Unrestricted Funds	Friends of WEIU-TV	Property Funds	Total	Unrestricted Funds	Friends of WEIU-TV	Property Funds	Total
ASSETS								
Current Assets:								
Cash and temporary investments	\$ 768,227	\$ 1,448,418	\$ 5,866	\$ 2,222,511	\$ 1,298,705	\$ 1,227,131	\$ 5,866	\$ 2,531,702
Accounts receivable	25,488	14,574	-	40,062	27,485	9,488	-	36,973
Grant and other receivables	9,658	-	-	9,658	2,497	-	-	2,497
Total current assets	<u>803,373</u>	<u>1,462,992</u>	<u>5,866</u>	<u>2,272,231</u>	<u>1,328,687</u>	<u>1,236,619</u>	<u>5,866</u>	<u>2,571,172</u>
Other Assets:								
Program licensing rights	-	-	-	-	5,000	-	-	5,000
Property and Equipment:								
Land	-	-	44,660	44,660	-	-	44,660	44,660
Furniture, equipment and tower	-	-	4,191,840	4,191,840	-	-	4,441,034	4,441,034
Accumulated depreciation	-	-	(3,713,128)	(3,713,128)	-	-	(3,787,542)	(3,787,542)
Net property and equipment	-	-	<u>523,372</u>	<u>523,372</u>	-	-	<u>698,152</u>	<u>698,152</u>
Total Assets	<u>\$ 803,373</u>	<u>\$ 1,462,992</u>	<u>\$ 529,238</u>	<u>\$ 2,795,603</u>	<u>\$ 1,333,687</u>	<u>\$ 1,236,619</u>	<u>\$ 704,018</u>	<u>\$ 3,274,324</u>
LIABILITIES AND FUND BALANCE								
Current Liabilities:								
Accounts payable	\$ 5,549	\$ -	\$ -	\$ 5,549	\$ 33,130	\$ -	\$ -	\$ 33,130
Other Liabilities:								
Accrued compensated absences	98,969	-	-	98,969	96,785	-	-	96,785
Deferred tower rent	2,336	-	-	2,336	-	-	-	-
Total other liabilities	<u>101,305</u>	<u>-</u>	<u>-</u>	<u>101,305</u>	<u>96,785</u>	<u>-</u>	<u>-</u>	<u>96,785</u>
Total liabilities	<u>106,854</u>	<u>-</u>	<u>-</u>	<u>106,854</u>	<u>129,915</u>	<u>-</u>	<u>-</u>	<u>129,915</u>
Fund Balance:								
Net investment in capital assets	-	-	529,238	529,238	-	-	704,018	704,018
Restricted for Friends of WEIU-TV	-	1,462,992	-	1,462,992	-	1,236,619	-	1,236,619
Unassigned	696,519	-	-	696,519	1,203,772	-	-	1,203,772
Total fund balance	<u>696,519</u>	<u>1,462,992</u>	<u>529,238</u>	<u>2,688,749</u>	<u>1,203,772</u>	<u>1,236,619</u>	<u>704,018</u>	<u>3,144,409</u>
Total Liabilities and Fund Balance	<u>\$ 803,373</u>	<u>\$ 1,462,992</u>	<u>\$ 529,238</u>	<u>\$ 2,795,603</u>	<u>\$ 1,333,687</u>	<u>\$ 1,236,619</u>	<u>\$ 704,018</u>	<u>\$ 3,274,324</u>

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

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted Funds	Friends of WEIU-TV	Property Funds	Total	Unrestricted Funds	Friends of WEIU-TV	Property Funds	Total
Support and Revenue:								
State Support:								
Appropriation	\$ 216,146	\$ -	\$ -	\$ 216,146	\$ 775,874	\$ -	\$ -	\$ 775,874
Indirect administrative support	501,612	-	-	501,612	581,032	-	-	581,032
State grants and contracts	-	-	-	-	67,135	-	-	67,135
Private gifts, grants and contracts	1,020,251	234,449	-	1,254,700	1,042,617	226,046	-	1,268,663
Other income	1,775	-	-	1,775	1,590	-	-	1,590
Total support and revenue	<u>1,739,784</u>	<u>234,449</u>	<u>-</u>	<u>1,974,233</u>	<u>2,468,248</u>	<u>226,046</u>	<u>-</u>	<u>2,694,294</u>
Expenses:								
Program Services:								
Programming and production	655,681	5,750	47,282	708,713	695,892	24,156	49,462	769,510
Program information	121,623	-	967	122,590	119,133	-	1,693	120,826
Broadcasting	555,467	-	126,531	681,998	473,745	-	129,623	603,368
Operation and maintenance of plant	126,777	-	-	126,777	148,027	-	-	148,027
Supporting Services:								
Management and general	236,946	1,365	-	238,311	253,397	1,443	-	254,840
Institutional support	374,835	-	-	374,835	433,005	-	-	433,005
Underwriting, fundraising and membership	175,708	961	-	176,669	148,616	791	-	149,407
Total expenses	<u>2,247,037</u>	<u>8,076</u>	<u>174,780</u>	<u>2,429,893</u>	<u>2,271,815</u>	<u>26,390</u>	<u>180,778</u>	<u>2,478,983</u>
Excess revenues over (under) expenditures	(507,253)	226,373	(174,780)	(455,660)	196,433	199,656	(180,778)	215,311
Fund balance, beginning of year	<u>1,203,772</u>	<u>1,236,619</u>	<u>704,018</u>	<u>3,144,409</u>	<u>1,007,339</u>	<u>1,036,963</u>	<u>884,796</u>	<u>2,929,098</u>
Fund Balance, End of Year	<u>\$ 696,519</u>	<u>\$ 1,462,992</u>	<u>\$ 529,238</u>	<u>\$ 2,688,749</u>	<u>\$ 1,203,772</u>	<u>\$ 1,236,619</u>	<u>\$ 704,018</u>	<u>\$ 3,144,409</u>

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

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present only the financial position, results of operation and cash flows of WEIU-TV, a public television station owned and operated by Eastern Illinois University. They are not intended to present fairly the financial position and results of operation of Eastern Illinois University.

The accounting policies of WEIU-TV conform to U.S. generally accepted accounting principles as applicable to governments.

The significant accounting policies followed are described below:

- a) Reporting Entity - WEIU-TV is a public broadcasting station in east central Illinois, owned and operated by Eastern Illinois University, Charleston, Illinois. WEIU-TV went on the air July 1, 1986. The financial statements include the accounts of the Friends of WEIU-TV. This service organization solicits funds in the name of and with the approval of WEIU-TV. The funds are held in an agency account by Eastern Illinois University for Friends of WEIU-TV to be used for the benefit of WEIU-TV. The fund financial statements of WEIU-TV are included in the primary government fund financial statements of Eastern Illinois University.
- b) Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to WEIU-TV, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into the funds that are in accordance with activities or objectives specified.

The assets, liabilities and net position of WEIU-TV are reported in three self-balancing fund groups as follows:

The Unrestricted Funds include resources that are available for support of WEIU-TV's operation.

The Friends of WEIU-TV includes resources restricted for use by the organization for the benefit of the Station.

The Property Fund includes resources invested in property and equipment and also includes the reserve for property replacement.

- c) Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus is used to describe which transactions are recorded within the financial statements. WEIU-TV's financial statements have been presented using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Revenue – State appropriations are recorded as revenue in the Statements of Revenues, Expenses and Changes in Net Position when an expenditure is recorded. Indirect administrative support consists of allocated institutional support and physical plant costs incurred by Eastern Illinois University for which WEIU-TV receives benefit. This support is also recorded as supporting service expenses. Contributions, pledges, grants and other support that are unrestricted are recorded as revenue when received.

Expenditures - Expenditures are recorded essentially on the cash basis; however, accounts payable at the end of the fiscal year are recorded and reflected as expenditures in the accompanying financial statements.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

- d) Accounts Receivables – Receivables consist of charges to individuals, businesses and industries for services rendered. Also, receivables include amounts due from governmental or private sources, in connection with reimbursement of allowable expenditures made pursuant to WEIU-TV's grants and contracts.
- e) Compensated Absences – Employee compensable leave is accrued at year-end for financial statement purposes. The liability is recorded at year-end as accrued payments in the Statements of Net Position and the expense is recognized as functionalized expenses in the Statements of Revenues, Expenses and Changes in Net Position.
- f) Net Position – Net position for the financial statements are divided into three components:
1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
 2. Restricted – consists of net positions that are restricted by the WEIU-TV's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by both federal and state grantors and by other contributors.
 3. Unrestricted – all other net positions are reported in this category.
- g) Fund Balance – The following classifications describe the constraints placed on the purposes for which resources can be used:
1. Nonspendable fund balance – consist of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
 2. Restricted fund balance – consist of amounts that are subject to outside restrictions, such as those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
 3. Committed fund balance – consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the University's highest level of decision making authority (Eastern Illinois University's Board of Trustees). Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
 4. Assigned fund balance – consist of amounts that are constrained by the University's intent to be used for a specific purpose, but are neither restricted nor committed. The intent can be expressed by the University's Board of Trustees or by an official or body which the Board delegates authority.
 5. Unassigned fund balance – consist of amounts available for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the financial manager of the University account uses discretion in deciding which resources to apply.

- h) Deferred Inflows/Outflows of Resources – In addition to assets and liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows or outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. There are no deferred outflows of resources reported in these financial statements in the current year. The separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to a future period. WEIU-TV will not recognize the related revenue until a future event occurs. There are no deferred inflows of resources reported in these financial statements in the current year.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

- i) On-Behalf Payments for Fringe Benefits – Eastern Illinois University has reported on-behalf payments made by the State of Illinois to the Group Insurance Plan and State Universities’ Retirement System of Illinois (SURS) of which WEIU-TV’s portion of those benefits were \$83,425 and \$245,956 for the year ended June 30, 2016 and 2015, respectively.
- j) Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- k) The Government Accounting Standards Board (GASB) has issued the following statements, which are effective for periods beginning June 15, 2014, or later, which impacts Eastern Illinois University and WEIU-TV:

During 2015, Eastern Illinois University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB No. 68 addresses accounting and financial reporting for pensions provided to state and local governmental employees by governmental employers that are administered through trusts. GASB No. 71, an amendment of GASB No. 68, addresses an issue regarding application of the transition provisions of GASB Statement No. 68. These statements were effective for periods beginning after June 15, 2014. The adoption of this statement does not have any impact on the financial statements of WEIU-TV.

During 2016, Eastern Illinois University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement requires additional disclosure relating to how investments are valued on the University’s financial statements. This statement was effective for periods beginning after June 15, 2015. The adoption of this statement does not have any impact on the financial statements of WEIU-TV.

NOTE B - CASH AND INVESTMENTS

WEIU-TV’s cash and investments are pooled with accounts maintained by Eastern Illinois University. The University’s deposits and investments are in accounts authorized in accordance with Illinois Statutes and the Board of Trustees regulations. The University’s Vice-President for Business Affairs (VPBA) has the authority to prescribe guidelines consistent with the Board of Trustees’ regulations, the provisions of the Public Fund Investment Act (30 ILCS 235/2.5 et seq.) and the Uniform Management of Institutional Funds Act (760 ILCS 50/1-10).

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University has established a maximum maturity of up to four years for any investment. State statutes limit maturity on commercial paper investments to 180 days.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The University investment policy describes permissible investments. The Illinois Funds are rated AAA.

Custodial Credit Risk – Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover value of deposits, investments or collateral securities that are in the possession of an outside party. All of the University’s investments are held by a custodian in the University’s name and are not subject to creditors of the custodial bank.

The University’s investments in the Illinois Funds, is not subject to detailed disclosure because the University owns shares of the investment fund and not the physical securities.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

Concentration Risk – The University does not have any investments representing 5% or more of total assets in any single issuer other than the U.S. Government, its agencies or sponsored corporations. State statutes limit investment in short term debts of corporations to one-third of the agency’s funds, and no more than 10% of any one corporation’s outstanding obligations. The University has limited commercial paper investments to two million dollars per issuer.

The University has not held foreign currency positions other than the purchase of foreign payment drafts to vendors, nor has it participated in securities lending.

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other state funds in accordance with the Deposits of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois’ Comprehensive Annual Financial Report.

The Illinois Funds do not have any direct or indirect investments in derivative instruments.

Fair Value Measurements – The University categorizes its fair value measurements with the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets in active markets that the University can access. Level 2 inputs are observable prices, either directly or indirectly, for an asset. Level 3 inputs are unobservable inputs for an asset. During fiscal year 2016, there were no changes in valuation techniques that would have a significant impact on the results.

NOTE C – RECEIVABLES

Receivables consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Sales and services	\$ 40,062	\$ 36,973
Governmental and private grants and contracts	<u>9,658</u>	<u>2,497</u>
Total Receivables	<u>\$ 49,720</u>	<u>\$ 39,470</u>

NOTE D - EMPLOYEE BENEFITS

Retirement Plan - Retirement benefits are provided through Eastern Illinois University to substantially all WEIU-TV staff members and employees under a contributory plan administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois 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 the 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 its website at www.surs.org.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

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

Contributions by Eastern Illinois University on behalf of WEIU-TV employees to the Retirement System are made from the State Appropriated Funds as well as from other Restricted Funds. The normal cost for fiscal year 2016 and 2015 respectively, was 12.69% and 11.71% 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% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. Contributions from State Appropriated Funds for the year ended June 30, 2016 and 2015 were \$13,096 and \$56,379, respectively and from other Restricted Funds \$72,652 and \$28,823 for 2016 and 2015, respectively.

Changes of Assumptions – In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five 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. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

The University and WEIU-TV do not own any of the assets of the Retirement System and have no responsibility for the obligations of the System.

Group Health and Life Insurance - Consistent with prior years, the employer's portion of the group health and life insurance premiums for most covered employees of WEIU-TV were paid by either WEIU-TV directly or on behalf of Eastern Illinois University and WEIU-TV by the Illinois Department of Central Management Services. Premium payments for the year ended June 30, 2016 and 2015 amounted to \$288,419 and \$245,137, respectively.

Accumulated unpaid vacation is accrued as a liability to the extent it would normally be liquidated with expendable available financial resources. The following is a summary of the accrued vacation liability at June 30, 2016 and 2015:

	2016	2015
Vacation	<u>\$ 98,969</u>	<u>\$ 96,785</u>

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

NOTE E – POST EMPLOYMENT BENEFITS

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

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision and life insurance benefits of all members, including post-employment health, dental, vision and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements, including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, Illinois 62706.

NOTE F – SELF INSURANCE

During a portion of the fiscal year, the University was self-insured for general liability through SURMA, the State Universities' Risk Management Association. SURMA was a cooperative agency voluntarily established by contracting Illinois State Universities, as defined by various sections of Chapter 110 of the Illinois Compiled Statutes. Its purpose was to prevent or lessen casualty losses to State University properties and injuries to persons or property which might result in claims being made against the State University and which would not be defended by the Illinois Attorney General and paid for by the State of Illinois and in most cases adjudicated through the Court of Claims. Each participating University's portion of the premium was determined based upon an actuarial evaluation.

During fiscal year 2016, the State Universities' Risk Management Association (SURMA) voted to disband. The University created an internal self-insurance reserve fund. The University carries commercial excess general liability coverage with coverage up to \$11 million per occurrence with a \$350,000 self-insured retention. Settled claims have not exceeded commercial general liability coverage in any of the three preceding years.

NOTE G - INCOME TAXES

WEIU-TV is owned and operated by Eastern Illinois University, a public supported institution and an integral part of the State of Illinois. As such, the station has no taxable income and, accordingly, no provision for income taxes is included in the financial statements.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

NOTE H – PRIOR PERIOD ADJUSTMENT

WEIU-TV has restated the previously issued June 30, 2015 financial statements by recording the correction of an error. WEIU-TV erroneously overstated on-behalf contributions and expenditures. The Statement of Revenues, Expenses and Changes in Net Position has been restated to show the correct amounts. The effect of the correction on each financial statement line item is as follows:

	June 30, 2015 <u>Previously Reported</u>	June 30, 2015 <u>As Restated</u>
Condensed Statement of Revenues, Expenses and Changes in Net Position:		
Total support and revenue	\$2,789,246	\$2,694,294
Total expenses	<u>(2,573,935)</u>	<u>(2,478,983)</u>
Change in net position	215,311	215,311
Net position, beginning of year	<u>2,929,098</u>	<u>2,929,098</u>
Net position, End of Year	<u>\$3,144,409</u>	<u>\$3,144,409</u>

NOTE I - COMMITMENTS

Encumbrances which represent goods or services that have been ordered for which delivery has not been made or the services have not been rendered at year-end are not recorded in the accompanying financial statements.

NOTE J – RENTAL INCOME FROM LEASES

On August 31, 2004, WEIU-TV entered into a lease agreement with iPCS Wireless, Inc. to lease tower space for a term of ten years. Under the agreement rents would increase 3.5% each year. On December 7, 2009, iPCS Wireless, Inc. merged with a subsidiary of Sprint Corporation. There has been an amendment to the original agreement. The amendment allows for five automatic renewals. Each renewal term is for five years and will be deemed automatically exercised unless Lessee gives written notice not to exercise an option. Currently, the monthly rent is \$2,336.

On May 10, 2005, WEIU-TV entered into a lease agreement with Cellular One to lease tower space for a term of ten years beginning April 15, 2005. The initial rent was \$1,600 per month and the agreement provided for a 3.5% increase per year on each succeeding year's anniversary date. Both parties are operating under terms of the initial agreement since there are no new agreements in place. Currently, the monthly rent is \$2,336.

On October 27, 2005, WEIU-TV entered into a lease agreement with Voice StreamGSM 1 Operating Company, LLC to lease tower space for a term of ten years. The initial rent was \$1,600 per month and the agreement provided for annual increases of 3.5%. This lease was transferred by an internal assignment to another T-Mobile subsidiary, effective January 1, 2006. The name of the new lessee is T-Mobile Central LLC. Both parties are operating under terms of the initial agreement since there are no new agreements in place. Currently, the monthly rent is \$2,181.

On April 28, 2006, WEIU-TV entered into a lease agreement with Verizon Wireless to lease tower space for a term of ten years beginning May 1, 2006. The initial rent was set at \$1,800 per month and the agreement provided for annual increases of 3.5% on each succeeding year's anniversary date. Both parties are operating under terms of the initial agreement since there are no new agreements in place. Currently, the monthly rent is \$2,539.

WEIU-TV
A PUBLIC TELEVISION STATION OPERATED BY EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

In 2010, AT&T constructed a new monopole tower next to the University's existing tower and then transferred ownership of the tower to the University. The original agreement the University had with AT&T was amended. Under the current agreement, which is a four year lease that commenced on July 1, 2014, provides that rent of \$17,425 is to be paid annually in advance on July 1 of each year. The agreement also provides for extensions and rents would increase by 3% beginning with each extension period.

Rents received for the year ended June 30, 2016 and 2015 were \$128,239 and \$124,345, respectively.

NOTE K - PROPERTY AND EQUIPMENT

All purchased capital assets are recorded at cost. Donated property and equipment are reported at fair market value as of the date of the gift. Equipment transferred from other departments is carried at its original cost. WEIU-TV's capitalization policy is the same as Eastern Illinois University. The capitalization threshold is as follows: Land or Buildings - \$100,000 or greater; Site or Building improvements - \$25,000 or greater; Equipment - \$5,000 or greater. Expenditures for repairs and maintenance are charged to operating expenses as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements	20 years
Equipment	7 years
Computer hardware	4 years
Vehicles	5 years

Depreciation expense for the year ended June 30, 2016 and 2015 was \$174,780 and \$180,778, respectively.

The following is a summary of changes in capital assets:

	Beginning of Year <u>07/01/15</u>	<u>Additions</u>	<u>Retirements</u>	End of Year <u>6/30/16</u>
Capital assets not being depreciated:				
Land	\$ 44,660	\$ -	\$ -	\$ 44,660
Capital assets being depreciated:				
Property and equipment	4,441,034	-	(249,194)	4,191,840
Accumulated depreciation	<u>(3,787,542)</u>	<u>(174,780)</u>	<u>249,194</u>	<u>(3,713,128)</u>
Net Capital Assets	<u>\$ 698,152</u>	<u>\$ (174,780)</u>	<u>\$ -</u>	<u>\$ 523,372</u>