

UNIVERSITY OF ILLINOIS-SPRINGFIELD  
WUIS/WIPA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2016 and 2015

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## Independent Auditors' Report

Board of Trustees  
WUIS/WIPA of University of Illinois-Springfield  
Springfield, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WUIS/WIPA of University of Illinois-Springfield, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements as listed in the table of contents. The financial statements of WUIS/WIPA of University of Illinois-Springfield for the year ended June 30, 2015 were audited by other auditors whose report dated February 2, 2016 expressed an unmodified opinion on those statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 WUIS/WIPA of University of Illinois-Springfield, as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of WUIS/WIPA of University of Illinois-Springfield are intended to present the financial position, the changes in financial position, and cash flows of only WUIS/WIPA of University of Illinois-Springfield's portion of the University of Illinois' financial position, the changes in financial position, and cash flows attributable to the transactions of WUIS/WIPA of University of Illinois-Springfield. They do not purport to, and do not, present fairly the financial position of the University of Illinois as of June 30, 2016 and 2015, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 6-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of WUIS/WIPA of University of Illinois-Springfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WUIS/WIPA of University of Illinois-Springfield's internal control over financial reporting and compliance.

*Eck, Schaefer & Pundke, LLP*

Springfield, Illinois  
October 28, 2016

University of Illinois-Springfield  
WUIS/WIPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**INTRODUCTION**

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WUIS for the year ended June 30, 2016. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting changes and currently known facts. The financial statements, footnotes and this discussion are the responsibility of the WUIS' management.

**BACKGROUND**

WUIS is the public radio station serving Springfield and the central and west central Illinois region. It is licensed to the University of Illinois with its offices housed at the University's Springfield campus. It is a unit within the college's Center for State Policy and Leadership.

The station is a news/information station throughout the week. Its weekend programs include news/information, public radio entertainment programs and locally hosted music programs in the area of blues, roots, jazz, bluegrass, classical and singer-songwriter. The station is committed to serving the information needs of the region.

WUIS links thousands of people to the programming of National Public Radio (NPR) in central and west central Illinois.

Its mission is to cultivate curious, civically engaged audiences and enrich the community through independent journalism, programming and outreach.

WUIS has a statehouse bureau which provides state government news to public radio stations across Illinois. It is home to the long-running analysis program "State Week" and offers two additional digital channels of programming. WUIS has also dedicated one employee to its Education Desk, reporting on education issues from pre-natal to adult learning and higher education.

WUIS, through its main signal at 91.9, its Pittsfield repeater station 89.3 and WUIS.org, is the premiere radio source for state government news in the region reaching nearly 30,000 listeners. It is also home to a variety of arts and cultural coverage including live Americana music series "Bedrock 66 Live" and broadcasts of regional symphony orchestras.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**USING THE FINANCIAL STATEMENTS**

WUIS' financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net position; and the Statement of Cash Flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented to focus on WUIS as a whole.

**STATEMENT OF NET POSITION**

The Statement of Net Position presents the financial position of WUIS at the end of the fiscal year and includes all assets and liabilities of WUIS using the accrual basis of accounting. A summarized comparison of the WUIS' assets, deferred outflows, liabilities and net position at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Current and noncurrent assets and deferred outflows		
Interest in pooled cash and investments	\$ 1,188,153	\$ 1,234,184
Other current assets	-	173
Capital assets, net	259,820	212,391
Deferred outflows of resources	<u>29,736</u>	<u>29,796</u>
Total assets and deferred outflows	1,477,709	1,476,544
Current and noncurrent liabilities		
Accounts payable	7,749	10,717
Accrued salaries	12,351	16,001
Deferred revenue	112,626	211,333
Accrued compensated absences	<u>76,837</u>	<u>86,034</u>
Total liabilities	<u>209,563</u>	<u>324,085</u>
Total net position	<u>1,268,146</u>	<u>1,152,459</u>
Total liabilities and net position	<u>\$ 1,477,709</u>	<u>\$ 1,476,544</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**STATEMENT OF NET POSITION - Continued**

The change in total assets for FY16 was the result of a decrease in current assets of \$ 46,204, an increase in capital assets of \$ 47,429, and a decrease in deferred outflows of \$ 60, for a change in total assets of \$ 1,165. The change in total liabilities was the result of a decrease in current liabilities of \$ 105,325, and a decrease of \$ 9,197 in noncurrent liabilities, for a change in total liabilities of \$ 114,522. The change in total net position for FY16 is \$ 115,687.

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

The Statement of Revenues, Expenses and Changes in Net Position presents the results of WUIS' revenue and expense activity as operating or non-operating. The following schedule summarizes WUIS' fiscal year 2016 and 2015 activity:

	<u>2016</u>	<u>2015</u>
Operating revenues		
Community service grants	\$ 318,875	\$ 178,345
State and other government grants	29,334	74,749
Other public broadcasting support	84,037	83,431
Other operating income	<u>24,578</u>	<u>15,842</u>
Total operating revenues	456,824	352,367
Total operating expenses	<u>1,865,296</u>	<u>1,895,234</u>
Operating loss	(1,408,472)	(1,542,867)
Non-operating revenues (expenses)		
State appropriations	249,184	305,246
Contributions		
Individual contributions and membership income	390,506	400,770
Business and industry contributions	129,939	136,547
In-kind contributions	153,764	140,751
Donated facilities and administrative support	485,252	482,631
On behalf payments for fringe benefits	116,336	132,446
Investment income	1,851	3,486
Net decrease in fair value of investments	(2,673)	(463)
Other non-operating revenue	<u>-</u>	<u>1,750</u>
Net non-operating revenues (expenses)	<u>1,524,159</u>	<u>1,603,164</u>
Increase in net position	115,687	60,297
Net position at beginning of year	1,152,459	1,057,147
Cumulative effect of change in accounting principle	<u>-</u>	<u>35,015</u>
Net position at beginning of year, as adjusted	<u>1,152,459</u>	<u>1,092,162</u>
Net position at end of year	<u>\$ 1,268,146</u>	<u>\$ 1,152,459</u>



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - Continued**

An increase in total operating revenues reflects a significant decrease in the deferral of CPB grant revenue from 2015 to 2016, a significant decrease in state grants due to lack of a state budget, and an increase in other operating income. A decrease in total non-operating revenues resulted from a decrease in state appropriation to the University of Illinois, and decreases in fringe benefit payments, investment income and fair market value of investments, along with slight increases to in-kind and indirect contributions. Contributions from business and industry, exclusive of sponsorships for news desks, declined from \$ 116,000 in FY15 to \$ 66,000 in FY16. Operating expenses for programming and broadcasting decreased from the previous year. All other operating expense categories increased from 2015 to 2016.

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides information about WUIS' financial results, by reporting the major sources and uses of cash. A summary of the Statement of Cash Flows for the years ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Total sources	\$ 358,117	\$ 425,225
Total uses	<u>(1,098,086)</u>	<u>(1,112,972)</u>
Net cash flows from operating activities	(739,969)	(687,747)
Cash flows from noncapital financing activities		
Total sources	769,629	844,313
Cash flows from capital and related financing activities		
Total uses	(74,869)	(5,000)
Cash flow from investing activities		
Total uses	(1,591)	(5,674)
Total sources	<u>1,851</u>	<u>3,486</u>
Net cash flows from investing activities	<u>260</u>	<u>(2,188)</u>
Change in cash and cash equivalents	(44,949)	149,378
Cash and cash equivalents at beginning of year	<u>1,200,614</u>	<u>1,051,236</u>
Cash and cash equivalents at end of year	<u>\$ 1,155,665</u>	<u>\$ 1,200,614</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**STATEMENT OF CASH FLOWS - Continued**

The revenue sources for the cash flows from operating activities include federal grants, public broadcasting entities, state departments, and other operating receipts. The uses for cash flows from operating activities includes payments to employees/benefits and payments to suppliers (less capital expenses).

Cash flows from noncapital financing activities include state appropriations and cash received from contributors.

Cash flows from capital and related financing activities includes acquisition of property and equipment.

Cash flows from investing activities include earnings on cash and investments and purchases of investments.

**CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES**

WUIS depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from five to fifty years.

	Beginning Balance at <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance at <u>June 30, 2016</u>
Capital assets				
Land	\$ 6,180	\$ -	\$ -	\$ 6,180
Building	410,239	-	-	410,239
Equipment	<u>414,162</u>	<u>74,869</u>	<u>-</u>	<u>489,031</u>
Total capital assets	830,581	74,869	-	905,450
Less accumulated depreciation				
Building	247,996	8,205	-	256,201
Equipment	<u>370,194</u>	<u>19,235</u>	<u>-</u>	<u>389,429</u>
Total accumulated depreciation	<u>618,190</u>	<u>27,440</u>	<u>-</u>	<u>645,630</u>
Capital assets, net	<u>\$ 212,391</u>	<u>\$ 47,429</u>	<u>\$ -</u>	<u>\$ 259,820</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**ECONOMIC OUTLOOK**

Through FY16, a year of uncertain external factors, the resources of NPR Illinois (WUIS) have been carefully managed. This has included deferring the hiring of open positions, deferring non-essential expenses, and cutting program costs. Due to the state budget impasse, the Illinois Arts Council Agency (IACA) grant was not received; NPR Illinois' licensee, the University of Illinois - Springfield cut the state funding it provides by 20%; and business support from the community contracted. It was expected the reserve would need to be used to cover a deficit but that was avoided through these measures and a positive net result was achieved.

The outlook for FY17 remains uncertain. The Illinois state budget impasse continues. Stop gap funding was passed to provide a portion of past appropriations to higher education through December 2016. If no action is taken before then, the University will have to act to protect core academic programs. NPR Illinois has been directed by the University of Illinois - Springfield to expect an additional 20% cut in support. The IACA funding from the State is unlikely to be provided but management, along with other public media managers in the state, are communicating with government leadership regarding the service to the community that will be lost with continued defunding.

An austere budget has been created to manage through these challenges. In addition, a goal has been set to operate without state appropriation by FY20. This will require an increase in fundraising capacity. The deferred replacement of development positions will end. The development director position that has been open since 2013 will be filled. A second sponsorship account executive will also be hired. The development director will focus on grant and foundation support along with major gift philanthropy. Along with the existing sponsorship account executive, business support will be increased through additional vertical programs like the successful Education Desk. Additional sponsorship account executives will be hired as return on investment and capacity are maximized. The membership function has been reconfigured to emphasize engagement activities to increase audience while still responsible to grow annual membership support which had grown slightly year-to-year.

University of Illinois-Springfield  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2016

**ECONOMIC OUTLOOK - Continued**

If the budget impasse continues, contingency plans include savings through attrition and collaborations with other public media stations to cover unfilled functions. If no additional funding from state sources materializes in FY17, cutting non-prime programming would save a small percentage of that loss. Some staff would be given notice but most have one year notice rights. FY17 is difficult to predict based on these factors and is more possible than usual to end in the red. NPR Illinois is doing all it can to continue delivering on its mission while minimizing these risks to it.

As planned, replacement of the main transmitter, a capital improvement project that had been deferred, continues and will decrease the reserve.

University of Illinois-Springfield  
WUIS/WIPA

STATEMENTS OF NET POSITION

June 30

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Interest in pooled cash	\$ 1,155,665	\$ 1,200,614
Interest in pooled investments	32,488	33,570
Other current assets	<u>-</u>	<u>173</u>
Total current assets	1,188,153	1,234,357
<b>NONCURRENT ASSETS</b>		
Capital assets, net	<u>259,820</u>	<u>212,391</u>
Total assets	1,447,973	1,446,748
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>29,736</u>	<u>29,796</u>
Total assets and deferred outflows of resources	<u>\$ 1,477,709</u>	<u>\$ 1,476,544</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,749	\$ 10,717
Accrued salaries	12,351	16,001
Deferred revenue	<u>112,626</u>	<u>211,333</u>
Total current liabilities	132,726	238,051
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	<u>76,837</u>	<u>86,034</u>
Total liabilities	209,563	324,085
<b>NET POSITION</b>		
Net investment in capital assets	259,820	212,391
Restricted, expendable	696,599	649,823
Unrestricted	<u>311,727</u>	<u>290,245</u>
Total net position	<u>1,268,146</u>	<u>1,152,459</u>
Total liabilities and net position	<u>\$ 1,477,709</u>	<u>\$ 1,476,544</u>

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

University of Illinois-Springfield  
WUIS/WIPA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Community service grants	\$ 318,875	\$ 178,345
State and other government grants	29,334	74,749
Other public broadcasting support	84,037	83,431
Other operating income	<u>24,578</u>	<u>15,842</u>
Total operating revenues	456,824	352,367
OPERATING EXPENSES		
Local programming and production	1,015,624	1,093,726
Broadcasting	148,165	175,872
Program information	62,300	56,210
Fundraising and membership development	334,784	314,512
Grant and underwriting solicitation	35,209	18,987
Management and general	241,774	211,628
Unallocated depreciation	<u>27,440</u>	<u>24,299</u>
Total operating expenses	<u>1,865,296</u>	<u>1,895,234</u>
Operating loss	(1,408,472)	(1,542,867)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	249,184	305,246
Contributions		
Individual contributions and membership income	390,506	400,770
Business and industry contributions	129,939	136,547
In-kind contributions	153,764	140,751
Donated facilities and administrative support	485,252	482,631
On behalf payments for fringe benefits	116,336	132,446
Investment income	1,851	3,486
Net decrease in fair value of investments	(2,673)	(463)
Other non-operating revenue	<u>-</u>	<u>1,750</u>
Net non-operating revenues (expenses)	<u>1,524,159</u>	<u>1,603,164</u>
INCREASE IN NET POSITION	115,687	60,297
NET POSITION AT BEGINNING OF YEAR	1,152,459	1,057,147
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>-</u>	<u>35,015</u>
NET POSITION AT BEGINNING OF YEAR, AS ADJUSTED	<u>1,152,459</u>	<u>1,092,162</u>
NET POSITION AT END OF YEAR	<u>\$ 1,268,146</u>	<u>\$ 1,152,459</u>

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

University of Illinois-Springfield  
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STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Community service grants receipts	\$ 226,169	\$ 227,692
State and other government grants receipts	23,333	96,820
Cash received from other public broadcasting support	84,037	83,431
Other operating receipts	24,578	17,282
Payments to employees and related benefits	(577,241)	(636,163)
Payments to suppliers	<u>(520,845)</u>	<u>(476,809)</u>
Net cash flows from operating activities	(739,969)	(687,747)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	249,184	305,246
Cash received from contributors	520,445	537,317
Other non-operating receipts	<u>-</u>	<u>1,750</u>
Net cash flows from noncapital financing activities	769,629	844,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(74,869)	(5,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,591)	(5,674)
Earnings on cash and investments	<u>1,851</u>	<u>3,486</u>
Net cash flows from investing activities	<u>260</u>	<u>(2,188)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(44,949)	149,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,200,614</u>	<u>1,051,236</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,155,665</u>	<u>\$ 1,200,614</u>

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

University of Illinois-Springfield  
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STATEMENTS OF CASH FLOWS - CONTINUED

For the Years Ended June 30

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	\$ (1,408,472)	\$ (1,542,867)
Adjustments to reconcile the net operating loss to net cash flows from operating activities		
Operating expenses arising from on behalf payments from the University	485,252	482,631
Operating expenses arising from on behalf payments from the State of Illinois	116,336	132,446
Operating expenses arising from in-kind contributions	153,764	140,751
Depreciation expense	27,440	27,549
Changes in assets, deferred outflows and liabilities		
Receivables	-	1,440
Other current assets	173	(173)
Deferred outflows	60	5,219
Accounts payable	(2,968)	598
Accrued salaries	(3,650)	420
Deferred revenue	(98,707)	71,418
Accrued compensated absences	<u>(9,197)</u>	<u>(7,179)</u>
Net cash flows from operating activities	<u>\$ (739,969)</u>	<u>\$ (687,747)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
On behalf contributions from the University for administrative support and occupancy	\$ 485,252	\$ 482,631
On behalf contributions from the State of Illinois for the payment of employee fringe benefits	116,336	132,446
In-kind contributions of goods and services	153,764	140,751



University of Illinois-Springfield  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

WUIS/WIPA of University of Illinois-Springfield (WUIS/WIPA) is a public telecommunications service owned and operated by the University of Illinois-Springfield (University). WUIS/WIPA is part of the University as a whole, and thus, for financial reporting purposes the financial balances and activities included in these financial statements are also included in the University's financial statements. These financial statements present only WUIS/WIPA, and do not purport to, and do not, present fairly the financial position of the University as of June 30, 2016 and 2015, and changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of American 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*. WUIS/WIPA follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of WUIS/WIPA's financial activities.

For financial reporting purposes, WUIS/WIPA is considered part of the University, and thus, like the University is a special-purpose government engaged only in business-type activities. Accordingly, WUIS/WIPA's financial statements have been presented using the economic resources measurement 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 accounts of WUIS/WIPA 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Pooled Cash and Investments

To provide for efficiencies and economies in their management, 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 and investments at June 30, 2016 and 2015 represents WUIS/WIPA's share of these pooled accounts.

Cash deposits and cash equivalents of the University include bank accounts and investments with original maturities of ninety days or less at the time of purchase, primarily U.S. Treasury Bills.

The University's investments are reported at fair value. The fair value is determined to be the amount at which financial instruments could be exchanged in current transactions between willing partners, usually quoted at market prices. It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and confirming to all statutes governing the investment of funds.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

Additional information regarding the University's deposits and investments may be obtained from the financial statements of the University.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. 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 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 estimated useful lives of the assets. Capital assets valued at \$ 5,000 or more are capitalized. The range of estimated useful lives is as follows:

Buildings and improvements	50 years
Machinery, furniture, and equipment	5-20 years
Vehicles	5 years

4. Net Position

WUIS/WIPA's net position is classified as follows:

- a. Net investment in capital assets: This represents the total investment in capital assets, net of accumulated depreciation.
- b. Restricted net position, non-expendable: Restricted non-expendable net position consist of endowments with specific restrictions requiring that the principal be invested and only the earnings be used. There was no non-expendable, restricted net position for the years ended June 30, 2016 and 2015.
- c. Restricted net position, expendable: Restricted expendable net position include resources in which WUIS/WIPA is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- d. Unrestricted net position: Unrestricted net position represents resources that have not been restricted by external parties and are available for use by WUIS/WIPA.

It is WUIS/WIPA's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Donor-Restricted Endowments

Donor-restricted endowments are held and administered by the University of Illinois Foundation. The University of Illinois Foundation holds the funds as agency funds based upon and consistent with the desire of the donor.

The State of Illinois adopted the Uniform Prudent Managements of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Directors of the University of Illinois Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds; general economic conditions; the possibility of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the University of Illinois Foundation.

6. Revenue Recognition

WUIS/WIPA has classified its revenues as either operating or non-operating revenues as follows:

*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 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 Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, such as state appropriations, investment income, and capital gains. Appropriations made to the University from the State of Illinois General Revenue Fund are recognized as non-operating revenues in the year appropriated to the extent expended. Other non-operating revenues include transactions relating to capital and financial activities, non-capital financing activities, and investing activities.

Grants are recorded as revenue when all applicable eligibility requirements have been met.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Donated Facilities and Administrative Support

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expenses 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 WUIS/WIPA.

8. Pledges and Contributions

WUIS/WIPA engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to WUIS/WIPA for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received. However, uncollected pledges are not enforceable against contributors. Contributions and collected pledges are components of the unrestricted operating fund since their usage is not limited to specific activities of WUIS/WIPA.

9. 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, using estimates if necessary.

10. Corporation for Public Broadcasting Community Service 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 public broadcasting entities. CSGs are used to augment the resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act 47, United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Corporation for Public Broadcasting Community Service Grants - Continued

According to the Communication Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain 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.

11. Pensions

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

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

12. Use of Estimates

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

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Subsequent Events

WUIS/WIPA assessed events that have occurred subsequent to June 30, 2016 through October 28, 2016, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

14. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the 2016 presentation.

15. Change in Accounting Principle

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, resulted in a cumulative effect of change in accounting principle of \$ 35,015 for the year ended June 30, 2015. This amount represents the pension expense payments made during the year ended June 30, 2014, which under GASB 68 would have been booked as deferred outflows of resources as of June 30, 2014.

NOTE C - INTEREST IN POOLED INVESTMENTS

Investments consist of shares of an investment pool which are held and administered by the University of Illinois Foundation. WUIS/WIPA's share of the investment pool is stated at fair value. Fair value is generally determined by quoted market prices for the University of Illinois Foundation's investments.

Changes in fair value during the reporting period are reported as a net increase (decrease) in the fair of investments. Investment income includes interest, dividends, and realized gains and losses.

At June 30, 2016, and 2015 the fair value of WUIS/WIPA's share of the University of Illinois Foundation investment pool was \$ 32,488 and \$ 33,570, respectively. The investments carry donor restrictions and therefore are included in restricted, expendable net position.

Further information regarding the investments held by the University of Illinois Foundation may be obtained from the financial statements of the University.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE D - CAPITAL ASSETS

Capital assets activity for WUIS/WIPA is summarized below:

	Balances July 1, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balances June 30, <u>2016</u>
Land	\$ 6,180	\$ -	\$ -	\$ 6,180
Building	410,239	-	-	410,239
Equipment	<u>414,162</u>	<u>74,869</u>	<u>-</u>	<u>489,031</u>
	830,581	74,869	-	905,450
Less accumulated depreciation	<u>618,190</u>	<u>27,440</u>	<u>-</u>	<u>645,630</u>
Capital assets, net	<u>\$ 212,391</u>	<u>\$ 47,429</u>	<u>\$ -</u>	<u>\$ 259,820</u>

NOTE E - EXPENDABLE RESTRICTED NET POSITION

Expendable restricted net position is available for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
WUIS Radio	\$ 449,689	\$ 397,523
Fundraising/RIS Gifts	3,875	6,490
Business Gift Fund	152,040	180,767
Music Studio Fund	16,886	16,837
Bedrock 66 Live! Gift Fund	9,109	9,119
U of I Foundation Funds	<u>65,000</u>	<u>39,087</u>
	<u>\$ 696,599</u>	<u>\$ 649,823</u>



University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM

1. General Information about the Pension Plan

*Plan Description:* The University contributes to the State University Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby 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's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, 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](http://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, 2014 can be found in the SURS' comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Eligible employees must participate upon initial employment. Employees are ineligible to participate if (a) employed after having attained age 68; (b) employed less than 50% of full time; or (c) employed less than full time and attending classes with an employer. Of those employees ineligible to participate, the majority are students at the University.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

1. General Information about the Pension Plan - Continued

*Contributions:* The State is primarily responsible for funding the SURS 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 SURS 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 2016 and 2015 respectively, was 12.69% and 11.71% of employees' payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for 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).

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

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

*Employer Proportionate Share of Net Pension Liability:* The amount of the proportionate share of the net pension liability to be recognized for the University is \$ -0-. The proportionate share of the State's net pension liability associated with the University is \$ 9,957,590,283. This amount should not be recognized in the financial statement. The net pension liability and the total pension liability as of June 30, 2015 was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2015.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

2. Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

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

*Employer Proportionate Share of Pension Expense:* The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, the University recognized on-behalf revenue and pension expense of \$ 836,040,577 for fiscal year ended June 30, 2016.

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

SURS collective deferred outflows and deferred inflows of resources by sources (nearest thousand) is as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 27,312	\$ -
Changes in assumption	609,394	-
Net difference between projected and actual earnings on pension plan investments	<u>593,841</u>	<u>953,329</u>
Total	<u>\$ 1,230,547</u>	<u>\$ 953,329</u>

3. Deferral of Fiscal Year 2016 Pension Expense

WUIS/WIPA paid \$ 29,736 in federal, trust or grant contributions for fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	23.00%	5.77%
Private equity	6.00	9.23
Non-U.S. equity	19.00	6.69
Global equity	8.00	6.51
Fixed income	19.00	1.12
Treasury-inflation protected securities	4.00	1.22
Emerging market debt	3.00	4.61
Real estate REITS	4.00	5.85
Direct real estate	6.00	4.37

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

	Target <u>Allocation</u>	Long-Term Expected Real Rate <u>of Return</u>
Commodities	2.00%	4.06%
Hedge strategies	5.00	3.99
Opportunity fund	<u>1.00</u>	<u>6.80</u>
Total	<u>100.00%</u>	5.02%
Inflation		<u>3.00</u>
Expected Arithmetic Return		<u>8.02%</u>

*Discount Rate:* A single discount rate of 7.12% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

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

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

University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

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](http://www.SURS.org).

NOTE G - POSTEMPLOYMENT BENEFITS

The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially, all State and University employees become eligible for these other postemployment benefits (OPEB) if they eventually become annuitants of one of the State sponsored pension plans. The Department of Central Management Services administers these benefits for annuitants with the assistance of the State's sponsored pension plans. The portions of the Act related to OPEB establish a cost-sharing multiple-employer defined-benefit OPEB plan (plan) with a special funding situation in which the State funds substantially all nonparticipant contributions. The plan does not issue a stand-alone financial report but is included as a part of the State's financial statements. A copy of the financial statements of the State can be obtained at [www.ioc.state.il.us](http://www.ioc.state.il.us).

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and various unions that represent the State's and the University's employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$ 5,000.

The State makes substantially all of the contributions for OPEB on behalf of the State universities. Since the State contributes substantially all of the employer contributions, the single-employer provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, have been followed for reporting the plan. The State is not required to and does not fund the plan other than the pay-as-you-go amount necessary to provide the current benefits.



University of Illinois-Springfield  
WUIS/WIPA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE H - INDIRECT ADMINISTRATIVE SUPPORT

Indirect administrative support from the University consists of allocated institutional support and physical plant costs incurred by the University for which WUIS/WIPA receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses and Changes in Net Position. The value of this support for the years ended June 30, 2016 and 2015 was \$ 485,252 and \$ 482,631, respectively.

NOTE I - CONTRIBUTED IN-KIND SUPPORT

Contributed materials, supplies, and facilities are recorded at their estimated fair value at the date of donation. WUIS/WIPA reports gifts of professional services, materials, and other nonmonetary contributions as revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services.

A summary of the contributed support received in the years ended June 30, 2016 and 2015 was as follows:

The amount of donated materials and services recognized in the years ended June 30, 2016 and 2015 was \$ 64,764 and \$ 56,751, respectively.

The University of Illinois Foundation contributed professional services consisting of processing donations, records maintenance, fund-raising expertise, and administrative services. The value of these professional services recognized in the years ended June 30, 2016 and 2015 was \$ 89,000 and \$ 84,000, respectively.

Contributed support from the State of Illinois consists of benefit contributions on behalf of WUIS/WIPA. The value of the on-behalf contributions recognized in the years ended June 30, 2016 and 2015 was \$ 116,336 and \$ 132,446, respectively.

OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*



Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Board of Trustees  
WUIS/WIPA of University of Illinois-Springfield  
Springfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WUIS/WIPA of University of Illinois-Springfield as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise WUIS/WIPA of University of Illinois-Springfield's basic financial statements, and have issued our report thereon dated October 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WUIS/WIPA of University of Illinois-Springfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WUIS/WIPA of University of Illinois-Springfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the WUIS/WIPA of University of Illinois-Springfield's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. The accompanying schedule of findings and responses includes an update to a prior year finding considered to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WUIS/WIPA of University of Illinois-Springfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eck, Schaefer & Pundee, LLP*

Springfield, Illinois  
October 28, 2016

University of Illinois-Springfield  
WUIS/WIPA

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2016

Current Year Findings and Responses:

None

Prior Year Findings and Responses:

**Internal Control over Financial Reporting - Significant Deficiency (As issued by prior auditors):**

**2015-1 Internal Controls over Expenses Charged to Grants**

*Criteria:* WUIS/WIPA of University of Illinois-Springfield is responsible for establishing and maintaining a system of internal controls sufficient to ensure that grant expenses are recognized in the proper accounting period consistent with accounting principles generally accepted in the United States of America.

*Condition:* During our current year audit we noted National Public Radio, Inc. program and digital service fees for the period of July 1, 2015 to September 30, 2015 totaling \$ 43,117 were recognized during the year ended June 30, 2015.

*Cause:* WUIS/WIPA of University of Illinois-Springfield did not have a reliable process in place for ensuring that grant expenses were recognized in the proper accounting period.

*Effect:* This puts WUIS/WIPA of University of Illinois-Springfield at risk for intentional or unintentional misstatements occurring that may not be prevented or detected in a timely manner.

*Recommendation:* We recommend that WUIS/WIPA of University of Illinois-Springfield review its procedures for charging expenses to grants and recognizing grant revenues to ensure consistency in approach and to ensure that expenses are recognized in the period incurred in accordance with accounting principles generally accepted in the United States of America.

*Management Response:* WUIS/University officials agree with the finding and will continue to implement corrective actions to address the recommendation in the finding. The NPR invoices referenced above were for services provided 7/1/2015 through 9/30/2015. They were charged to a grant agreement with effective dates of 10/1/2013 through 9/30/2015.

Current Year Update:

WUIS/WIPA management implemented appropriate procedures to ensure that grant expenses were recognized in the proper accounting period. Finding will not be repeated.