



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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NEWS RELEASE

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FOR RELEASE \_\_\_\_\_ December 12, 2003 \_\_\_\_\_ 281-5834

Auditor of State David A. Vaudt today released an audit report on Iowa Public Television for the year ended June 30, 2003. One component unit, the Iowa Public Television Foundation, is included in these financial statements.

Iowa Public Television had General Fund revenues of \$15,682,015 for the year, a 22% decrease from the prior year. Revenues included state appropriations of \$8,813,341, gifts and grants of \$2,035,406, federal assistance of \$3,497,617 and in-kind and indirect support of \$205,914. The significant decrease was primarily the result of a reduction in state appropriations and federal assistance. Iowa Public Television Foundation received \$5,372,784 from Foundation memberships and \$1,886,866 of corporate support.

Expenditures to operate the educational television network for the year ended June 30, 2003 were as follows:

|                                   | General<br>Fund     | Special<br>Revenue<br>Fund | Total             |
|-----------------------------------|---------------------|----------------------------|-------------------|
| Administration                    | \$ 1,155,366        | 395,479                    | 1,550,845         |
| Engineering and technical support | 5,149,546           | -                          | 5,149,546         |
| Educational telecommunications    | 4,536,156           | -                          | 4,536,156         |
| Programming and production        | 8,041,495           | 2,297,429                  | 10,338,924        |
| Public and governmental relations | 154,313             | -                          | 154,313           |
| Digital television                | 1,841,585           | -                          | 1,841,585         |
| Total                             | <u>\$20,878,461</u> | <u>2,692,908</u>           | <u>23,571,369</u> |

Expenditures in the General Fund decreased 7% from the prior year, primarily as a result of reduced budgets in all functional areas in response to the reduction in the state appropriation and less activity related to the Star Schools federal grant.

A copy of the audit report is available for review in the Office of Auditor of State and Iowa Public Television's administrative office.

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**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2003**

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Iowa Public Television

**Officials**

Name

Title

**State**

Honorable Thomas J. Vilsack  
Cynthia P. Eisenhauer  
Dennis C. Prouty

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Board**

Betty Jean Furgerson  
John T. Blong  
Robert W. Hall  
John V. Hartung  
Linda L. Klinger  
Mary Jean Montgomery  
Grant L. Price  
Rachel Stauffer  
Albert N. Wood

President  
Vice President  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**Agency**

Daniel K. Miller  
Kristine Houston  
Lori J. Smith

Executive Director  
Director of Administration  
Business Manager

**Iowa Public Television**



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Independent Auditor's Report

To the Board Members of  
Iowa Public Television:

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television, as of and for the year ended June 30, 2003. These financial statements are the responsibility of Iowa Public Television's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Iowa Public Television Foundation, a component unit which represents 63.2% and 99.7%, respectively, of the assets and revenues of the special revenue funds and 100% of the assets and revenues of the permanent fund. These statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Iowa Public Television Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2003, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Iowa Public Television at June 30, 2003, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

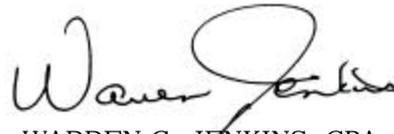
In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2003 on our consideration of Iowa Public Television's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 36 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Iowa Public Television's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical information in Schedule A has not been audited by us and, accordingly, we do not express an opinion on it.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 13, 2003

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Introduction and Reporting Entity**

Management of Iowa Public Television (IPTV) provides this Management's Discussion and Analysis of IPTV's annual financial statements. This narrative overview and analysis of the financial activities of IPTV is for the fiscal year ended June 30, 2003. We encourage readers to consider this information in conjunction with IPTV's financial statements, which follow the discussion.

Iowa Public Television is Iowa's statewide public broadcasting network. IPTV is an autonomous state agency under the umbrella of the Iowa Department of Education. The Iowa Public Broadcasting Board, the broadcast licensee, governs IPTV and sets general programming objectives and policy guidelines. The nine member Iowa Public Broadcasting Board is appointed per the Code of Iowa. Four members are appointed by the Governor to represent the business community, the commercial broadcast industry, the membership of a fund-raising nonprofit organization, and the general public. One member each is appointed by the state association of private colleges and universities, the superintendent of the community colleges, the administrators of the area education agencies, the state board of regents, and the state board of education.

Iowa Public Television operates technical and production facilities that permit the creation and distribution of programming and educational products and services responsive to the varied interests of Iowans. IPTV is the state's largest provider of information and entertainment programming about Iowa. There has been a decline in IPTV's audience over the last three years due to the fragmentation of the television audience. Over 900,000 viewers watch IPTV each week. Contributing membership to the IPTV Foundation consists of approximately 70,000 households.

Iowa Public Television operates nine analog transmitters and eight translators. The FCC mandated that all commercial and noncommercial television broadcasters convert from analog to digital transmission. With support from the State of Iowa, the U.S. Department of Commerce and the Corporation for Public Broadcasting, IPTV has raised \$27,000,000 of the \$44,000,000 estimated to complete the digital television conversion. Work on one of the nine digital transmitters was completed in fiscal year 2003. Four more high-power digital transmitters and two low-power digital transmitters are expected to be completed in fiscal year 2004. Two more low-power digital transmitters are expected to be completed in fiscal year 2005.

## **FINANCIAL HIGHLIGHTS**

- In fiscal year 2003, total revenues decreased by \$5.8 million. The decreases were due to:
  - a decrease in the state operating appropriation of \$1.5 million,
  - a decrease in the state capitals appropriation of \$1.4 million,
  - a decrease in operating grants and contributions of \$1.8 million, and
  - a decrease in permanent endowment contributions of \$1.4 million due to a major one-time gift received by the IPTV Foundation in fiscal year 2002.
- Operating expenses for Iowa Public Television decreased by \$2.3 million. Travel, utilities, instructional television acquisitions and outside services all decreased from the previous fiscal year.
- There was an increase in capital assets primarily due to the continued conversion to digital television as mentioned previously.

## **USING THIS ANNUAL REPORT**

This discussion and analysis are intended to serve as an introduction to Iowa Public Television's basic financial statements. Iowa Public Television's basic financial statements consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of IPTV as a whole and present a longer-term view of IPTV's finances. The activity of the IPTV Foundation is shown in the Special Revenue Fund and Permanent Fund financial statements. These statements show how the Foundation raised and used funds for the purpose of providing membership and fundraising services for Iowa Public Television. These basic financial statements also include the notes to the financial statements that explain some of the information in the statements and provide more detail. Supplementary information is also in schedule form and provides additional detail.

## **REPORTING IOWA PUBLIC TELEVISION AS A WHOLE**

The Statement of Net Assets and the Statement of Activities (Exhibits A and B):

One of the most important questions asked about Iowa Public Television's finances is "Is IPTV as a whole better off or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about IPTV as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The entity-wide financial statements include two statements.

The statement of net assets presents all of IPTV's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in IPTV's net assets may serve as a useful indicator of whether the financial position of IPTV is improving or deteriorating.

The statement of activities presents information showing how Iowa Public Television's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods.

## **ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Iowa Public Television's combined net assets remained virtually unchanged at \$27.38 million at the end of fiscal year 2003 as compared to \$27.33 million at the end of fiscal year 2002.

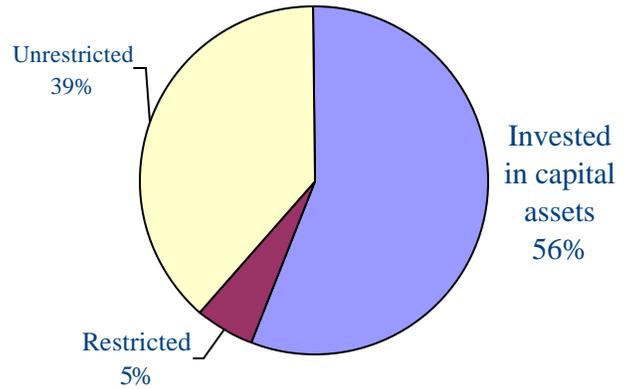
The largest portion of IPTV's net assets reflects its investment in capital assets, such as land, buildings, equipment, vehicles, and television transmitters, less any related depreciation. IPTV uses these capital assets to provide services to its viewers and others. Consequently, these assets are not available for future spending.

Unrestricted net assets represent assets used to meet IPTV's ongoing obligations to vendors. The remaining portion represents endowment assets that are subject to external restrictions on how they may be used. The earnings on these assets will eventually be used for the acquisition of and/or production of television programs.

**Net Assets of Governmental Activities**

| Assets                     | June 30, 2002        | June 30, 2003        |
|----------------------------|----------------------|----------------------|
| Current and other assets   | \$ 17,603,044        | \$ 16,723,354        |
| Capital assets             | 14,617,058           | 15,308,207           |
| <b>Total Assets</b>        | <b>32,220,102</b>    | <b>32,031,561</b>    |
| <b>Liabilities</b>         |                      |                      |
| Current liabilities        | 4,536,676            | 4,341,354            |
| Noncurrent liabilities     | 353,276              | 304,172              |
| <b>Total Liabilities</b>   | <b>4,889,952</b>     | <b>4,645,526</b>     |
| <b>Net Assets</b>          |                      |                      |
| Invested in capital assets | 14,617,058           | 15,308,207           |
| Restricted                 | 1,682,130            | 1,553,068            |
| Unrestricted               | 11,030,962           | 10,524,760           |
| <b>Total Net Assets</b>    | <b>\$ 27,330,150</b> | <b>\$ 27,386,035</b> |

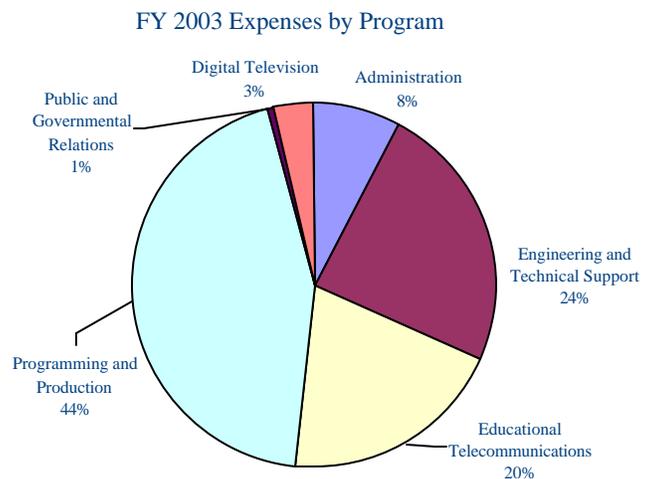
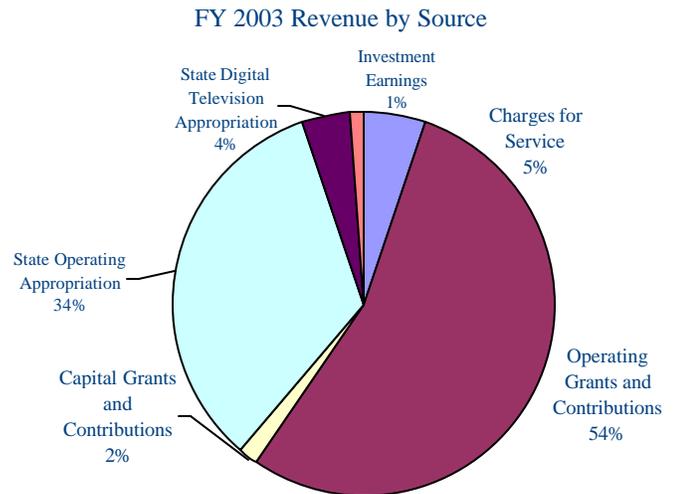
**FY 2003 Composition of Net Assets**



The net assets of Iowa Public Television increased by \$55,885 during fiscal year 2003. Revenues reported in the statement of activities for FY 2003 were \$5.9 million lower than in FY 2002. Decreases were seen in the state operating appropriation, state capitals appropriation, operating grants and contributions, and endowment contributions. Operating grants and contributions of \$12.6 million represented 54% of total revenues during the year. Many of these funds are allocated for specific purposes by the grantor or contributor, such as federal grants, public broadcasting grants, fundraising expenses, and certain local or regional productions. During fiscal year 2003, IPTV received state appropriations of \$8.8 million, of which \$6.6 million was a state operating appropriation, \$1.2 million was passed directly to regional telecommunications councils across the state, and \$1 million was for digital television conversion. Expenses in FY 2003 were \$2.3 million lower than in FY 2002. Seventy-four percent of the \$2.3 million decrease is the result of a 27% reduction in educational telecommunications expenses from the previous year. Decreases in administration and engineering functions were also seen. Programming and production expenses of \$10.2 million represented 44% of total expenses during the fiscal year. The majority of the expenses from the IPTV Foundation are included in programming and production expenses.

**Changes in Net Assets of Governmental Activities**

|  | Year Ended<br>June 30, 2002 | Year Ended<br>June 30, 2003 |
|--|-----------------------------|-----------------------------|
| <b>Revenues:</b>                       |                             |                             |
| <b>Program Revenues:</b>               |                             |                             |
| Charges for Service                    | \$ 903,515                  | \$ 1,210,547                |
| Operating Grants and Contributions     | 14,316,593                  | 12,595,898                  |
| Capital Grants and Contributions       | 405,214                     | 396,093                     |
| <b>General Revenues:</b>               |                             |                             |
| State Operating Appropriation          | 9,292,020                   | 7,813,341                   |
| State Digital Television Appropriation | 2,400,000                   | 1,000,000                   |
| Unrestricted Investment Earnings       | 384,154                     | 252,127                     |
| Endowment Contribution                 | 1,447,985                   | -                           |
| <b>Total Revenues</b>                  | <b>29,149,481</b>           | <b>23,268,006</b>           |
| <b>Program Expenses:</b>               |                             |                             |
| Administration                         | 2,045,884                   | 1,809,768                   |
| Engineering and Technical Support      | 5,883,692                   | 5,556,217                   |
| Educational Telecommunications         | 6,296,575                   | 4,603,539                   |
| Programming and Production             | 10,295,262                  | 10,242,119                  |
| Public and Governmental Relations      | 143,762                     | 162,826                     |
| Digital Television                     | 819,450                     | 835,440                     |
| <b>Total Expenses</b>                  | <b>25,484,625</b>           | <b>23,209,909</b>           |
| Revenue Over Expenses                  | 3,664,856                   | 58,097                      |
| Loss on Disposal of Assets             | -                           | (2,212)                     |
| Reversion to State Treasury            | (17,377)                    | -                           |
| <b>Increase in Net Assets</b>          | <b>3,647,479</b>            | <b>55,885</b>               |
| <b>Net Assets beginning of year</b>    | <b>23,682,671</b>           | <b>27,330,150</b>           |
| <b>Net Assets end of year</b>          | <b>\$ 27,330,150</b>        | <b>\$ 27,386,035</b>        |



The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 26.

Required supplementary information includes a comparison of Budget and Actual for the General Fund and can be found beginning on page 36.

The supplementary information begins on page 40 and provides detailed information about the individual funds and accounts, and expenditures by object.

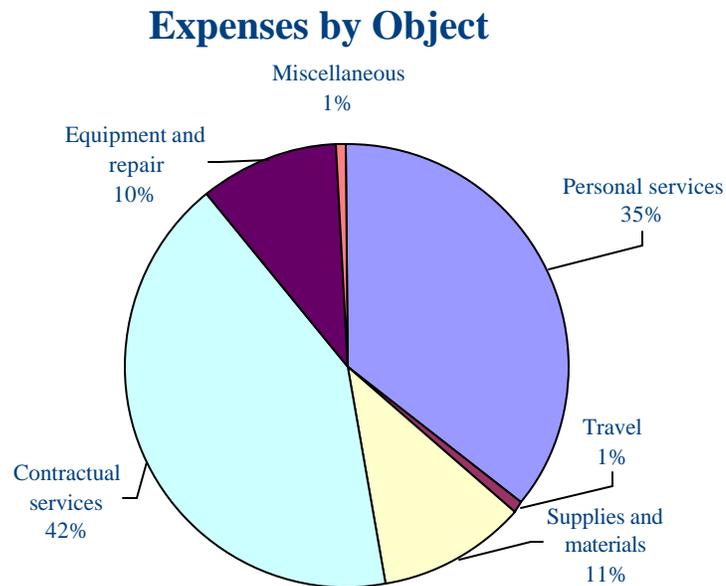
## **FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2003, Iowa Public Television reported a combined General Fund balance of \$4.4 million, which is \$1.2 million lower than the previous year's total of \$5.6 million. IPTV's General Fund expenditures exceeded General Fund revenues by \$5.2 million. However, this deficit was partially offset by net transfers of approximately \$4.0 million received from the Special Revenue Fund.

IPTV's total state appropriations of \$8.8 million represented 56% of total General Fund revenues of \$15.7 million. Federal assistance of \$3.5 million represented 22% of total General Fund revenues, while gifts and grants of \$2.0 million represented 13% of total General Fund revenues.

Contractual services of \$8.7 million represented 42% of total General Fund expenditures of \$20.9 million (see Schedule 3). Personal services of \$7.4 million represented 35% of General Fund expenditures. Contractual services remain a significant item. However, much of this expenditure relates to the pass-through of Federal support to other government entities, such as local school districts and other educational entities. Other significant expenditures include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.



Special Revenue Fund (Exhibits C and E):

Iowa Public Television's Special Revenue Fund consists of the Friends Contribution Account and the Iowa Public Television Foundation. The Friends Contribution Account is primarily a holding account used by IPTV to hold net membership revenue transferred in from the IPTV Foundation until it is used in IPTV's General Fund to produce and/or acquire public television programming.

As of June 30, 2003, IPTV reported a combined Special Revenue Fund balance of \$7 million. The Special Revenue Fund balance increased by approximately \$800,000 over the fiscal year ended June 30, 2002. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by \$4.7 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of \$7.4 million was comprised mainly of \$5.4 million in membership revenue and \$1.9 million in gifts and grants.

## **General Fund Budgetary Highlights**

Iowa Public Television received a net budget cut in its state appropriations of \$1.16 million at the beginning of the fiscal year. The state appropriation passed through to the regional telecommunications councils (RTCs) was cut by \$243,172. The General Fund budget was adjusted to reflect the state budget cuts.

As seen in the Required Supplementary Information on pages 36 and 37, there are variances between budgeted amounts and actual revenues and expenditures. Revenues were higher than budgeted due to some unexpected revenues received during the year. Expenditures were higher than budgeted primarily due to capital funds budgeted in fiscal year 2002, but not totally expended. The unspent funds were carried forward to fiscal year 2003, but were not included in the budgeted amounts. Other expenditure line variances were due to the shifting of resources from one function to another during the fiscal year.

The budget cuts experienced in fiscal year 2003 were not restored and, therefore, will impact the fiscal year 2004 budget.

## **CAPITAL ASSETS**

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2003 was \$30.3 million, net of accumulated depreciation of \$15 million, leaving a net book value of \$15.3 million. This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures, equipment, vehicles and transmitters. Transmitter assets include property and equipment at the transmitter and translator sites across the state, such as towers, buildings, transmitters, antennas, transmission lines and test equipment.

The increase in Iowa Public Television's investment in capital assets for the current fiscal year was about \$2.4 million, with the majority used to build digital channels at KSIN-DT Sioux City and KRIN-DT Waterloo. Depreciation charges for the year totaled \$1.7 million.

Iowa Public Television's fiscal year 2004 capital budget includes \$10 million for capital projects, principally for the completion of KHIN-DT Red Oak, KBIN-DT Council Bluffs, low-power transmitters at KYIN-DT Mason City and KTIN-DT Fort Dodge, interconnection equipment and origination equipment for the network. Funds to pay for the continued conversion to digital will come from an appropriation received from the State, grants from the Corporation for Public Broadcasting, and grants from the National Telecommunications and Information Administration (NTIA) of the U.S. Department of Commerce.

More detailed information about Iowa Public Television's capital assets is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

State General Fund revenue estimates are generated by the Iowa Revenue Estimating Conference (REC). The REC is comprised of the Governor or his designee, the Director of the Legislative Services Agency, and a third person agreed upon by the other two members. At the October 10, 2003 meeting, the REC lowered the estimate for General Fund tax and other receipts for fiscal year 2004.

The state appropriations for Iowa Public Television were reduced by an additional 2.5% for fiscal year 2004. The state appropriation that is passed through to the regional telecommunications councils was reduced as well. Budgeted disbursements are expected to decrease to align with the decrease in revenues. Iowa Public Television's net asset balance is expected to increase at the close of fiscal year 2004 due to continued digital television conversion efforts.

## **CONTACTING IPTV'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our viewers, educational users, and citizens of the State of Iowa with a general overview of Iowa Public Television's finances and to show Iowa Public Television's accountability for the money it receives. If you have questions about the report or need additional financial information, contact Iowa Public Television, P.O. Box 6450, Johnston, IA 50131.

**Iowa Public Television**

## **Financial Statements**

**Exhibit A**

Iowa Public Television  
Statement of Net Assets  
June 30, 2003

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>Assets</b>   |                                    |
| Current assets:   |                                    |
| Cash (note 2)   | \$ 7,972,375                       |
| Investments (note 2)  | 5,304,198                          |
| Unexpended appropriation  | 1,443,138                          |
| Accounts receivable, net of allowance for doubtful<br>accounts of \$34,498      | 66,458                             |
| Pledges receivable, net of allowance for uncollectible<br>accounts of \$217,900 | 363,760                            |
| Due from:   |                                    |
| Other funds   | 175,395                            |
| Other state agencies  | 98,082                             |
| Federal government  | 484,209                            |
| Restricted assets-cash  | 49,114                             |
| Prepaid expenses  | <u>766,625</u>                     |
| Total current assets  | 16,723,354                         |
| Noncurrent assets:  |                                    |
| Capital assets, net (note 4)  | <u>15,308,207</u>                  |
| <b>Total assets</b>   | <u>32,031,561</u>                  |
| <b>Liabilities</b>  |                                    |
| Current liabilities:  |                                    |
| Accounts payable  | 1,379,299                          |
| Due to:   |                                    |
| Other funds   | 175,396                            |
| Other state agencies  | 98,916                             |
| Deferred revenue  | 2,124,734                          |
| Compensated absences  | <u>563,009</u>                     |
| Total current liabilities   | 4,341,354                          |
| Noncurrent Liabilities:   |                                    |
| Compensated absences  | <u>304,172</u>                     |
| <b>Total liabilities</b>  | <u>4,645,526</u>                   |
| <b>Net Assets</b>   |                                    |
| Invested in capital assets  | 15,308,207                         |
| Restricted for:   |                                    |
| Future state vehicle dispatch purchases   | 49,114                             |
| Acquisition or production of programming  | 1,503,954                          |
| Unrestricted  | <u>10,524,760</u>                  |
| <b>Total net assets</b>   | <u>\$ 27,386,035</u>               |

See notes to financial statements.

Iowa Public Television  
Statement of Activities  
Year ended June 30, 2003

|                                   | Program Revenues |                        |  |  | Net (Expense) Revenue and<br>Changes in Net Assets |
|-----------------------------------|------------------|------------------------|--|--|--|
|                                   | Expenses         | Charges for<br>Service | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| <b>Functions:</b>                 |                  |                        |  |  |  |
| Governmental activities:          |                  |                        |  |  |  |
| Administration                    | \$ 1,809,768     | 585,427                | -  | -                                      | (1,224,341)  |
| Engineering and technical support | 5,556,217        | 239,444                | -  | -                                      | (5,316,773)  |
| Educational telecommunications    | 4,603,539        | 2,624                  | 3,532,736                                | -                                      | (1,068,179)  |
| Programming and production        | 10,242,119       | 383,052                | 9,063,162                                | -                                      | (795,905)  |
| Public and governmental relations | 162,826          | -                      | -  | -                                      | (162,826)  |
| Digital television                | 835,440          | -                      | -  | 396,093                                | (439,347)  |
| Total                             | \$23,209,909     | 1,210,547              | 12,595,898                               | 396,093                                | (9,007,371)  |
| <b>General Revenues:</b>          |                  |                        |  |  |  |
| State appropriations              |                  |                        |  |  | 8,813,341  |
| Loss on disposal of assets        |                  |                        |  |  | (2,212)  |
| Unrestricted investment earnings  |                  |                        |  |  | 252,127  |
| Total general revenues            |                  |                        |  |  | 9,063,256  |
| Change in net assets              |                  |                        |  |  | 55,885   |
| Net assets beginning of year      |                  |                        |  |  | 27,330,150   |
| Net assets end of year            |                  |                        |  |  | \$ 27,386,035                                      |

See notes to financial statements.

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Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2003

|  | <u>General<br/>Fund</u>    |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Assets:  |                            |
| Cash (note 2)  | \$ 4,902,885               |
| Investments (note 2)   | -                          |
| Unexpended appropriation   | 1,443,138                  |
| Accounts receivable, net of allowance for doubtful accounts of \$34,498      | 66,037                     |
| Pledges receivable, net of allowance for uncollectible accounts of \$217,900 | -                          |
| Due from:  |                            |
| Other funds  | 835,750                    |
| Other state agencies   | 84,845                     |
| Federal government   | 484,209                    |
| Prepaid expenditures   | 729,857                    |
| Restricted assets-cash   | <u>49,114</u>              |
| <b>Total assets</b>  | <u><u>\$ 8,595,835</u></u> |
| <b>Liabilities and Fund Balances</b>   |                            |
| Liabilities:   |                            |
| Accounts payable   | \$ 1,284,589               |
| Due to:  |                            |
| Other funds  | 681,270                    |
| Other state agencies   | 98,147                     |
| Deferred revenue   | <u>2,126,517</u>           |
| Total liabilities  | <u><u>4,190,523</u></u>    |
| Fund balances:   |                            |
| Reserved for:  |                            |
| Prepaid expenditures   | 729,857                    |
| Subsequent years' expenditures   | 49,114                     |
| Specific purposes  | -                          |
| Unreserved   | <u>3,626,341</u>           |
| Total fund balances  | <u><u>4,405,312</u></u>    |
| <b>Total liabilities and fund balances</b>                                   | <u><u>\$ 8,595,835</u></u> |

See notes to financial statements.

| <u>Special Revenue</u>                   |                                     | <u>Permanent</u>            |                   |
|--|-------------------------------------|-----------------------------|-------------------|
| <u>Iowa Public Television Foundation</u> | <u>Friends Contribution Account</u> | <u>Foundation Endowment</u> | <u>Total</u>      |
| 481,576                                  | 2,587,914                           | -                           | 7,972,375         |
| 3,856,213                                | -                                   | 1,447,985                   | 5,304,198         |
| -  | -                                   | -                           | 1,443,138         |
| 15                                       | 406                                 | -                           | 66,458            |
| 363,760                                  | -                                   | -                           | 363,760           |
| 250,193                                  | 308,980                             | -                           | 1,394,923         |
| -  | 13,237                              | -                           | 98,082            |
| -  | -                                   | -                           | 484,209           |
| 36,768                                   | -                                   | -                           | 766,625           |
| -  | -                                   | -                           | 49,114            |
| <u>4,988,525</u>                         | <u>2,910,537</u>                    | <u>1,447,985</u>            | <u>17,942,882</u> |
| 94,710                                   | -                                   | -                           | 1,379,299         |
| 642,784                                  | 70,870                              | -                           | 1,394,924         |
| -  | 769                                 | -                           | 98,916            |
| 131,213                                  | -                                   | -                           | 2,257,730         |
| <u>868,707</u>                           | <u>71,639</u>                       | <u>-</u>                    | <u>5,130,869</u>  |
| -  | -                                   | -                           | 729,857           |
| -  | -                                   | -                           | 49,114            |
| 55,969                                   | -                                   | 1,447,985                   | 1,503,954         |
| <u>4,063,849</u>                         | <u>2,838,898</u>                    | <u>-</u>                    | <u>10,529,088</u> |
| <u>4,119,818</u>                         | <u>2,838,898</u>                    | <u>1,447,985</u>            | <u>12,812,013</u> |
| <u>4,988,525</u>                         | <u>2,910,537</u>                    | <u>1,447,985</u>            | <u>17,942,882</u> |

**Exhibit D**

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Iowa Public Television

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2003

**Total governmental fund balances (page 19)** \$ 12,812,013

***Amounts reported for governmental activities in the  
statement of net assets are different because:***

Capital assets used in governmental activities are not  
current financial resources and, therefore, are not reported  
in the funds.

|                                   |               |            |
|-----------------------------------|---------------|------------|
| Iowa Public Television            | \$ 15,217,819 |            |
| Iowa Public Television Foundation | <u>90,388</u> | 15,308,207 |

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are deferred in the funds. 132,996

Long-term liabilities, consisting of compensated absences, are not due  
and payable in the current period and, therefore, are not reported in the funds. (867,181)

**Net assets of governmental activities (page 16)** \$ 27,386,035

See notes to financial statements.

**Iowa Public Television**

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Iowa Public Television

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2003

|   | <u>General<br/>Fund</u> |
|---|-------------------------|
| Revenues:   |                         |
| State appropriation                                       | \$ 8,813,341            |
| Federal assistance  | 3,497,617               |
| Receipts from other entities                              | 88,475                  |
| Fees and licenses   | 88,461                  |
| Gifts and grants  | 2,035,406               |
| In-kind and indirect support                              | 205,914                 |
| Memberships   | -                       |
| Charges for service                                       | 819,615                 |
| Interest on investments                                   | <u>133,186</u>          |
| Total revenues  | <u>15,682,015</u>       |
| Expenditures:   |                         |
| Administration  | 1,155,366               |
| Engineering and technical support                         | 5,149,546               |
| Educational telecommunications                            | 4,536,156               |
| Programming and production                                | 8,041,495               |
| Public and governmental relations                         | 154,313                 |
| Digital television  | <u>1,841,585</u>        |
| Total expenditures  | <u>20,878,461</u>       |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,196,446)</u>      |
| Other financing sources (uses):                           |                         |
| Operating transfers in                                    | 5,275,762               |
| Operating transfers out                                   | <u>(1,308,219)</u>      |
| Total other financing sources (uses)                      | <u>3,967,543</u>        |
| Net change in fund balances                               | (1,228,903)             |
| Fund balances beginning of year                           | <u>5,634,215</u>        |
| Fund balances end of year                                 | <u>\$ 4,405,312</u>     |

See notes to financial statements.

| <u>Special Revenue</u>                   |                                     | <u>Permanent</u>            |                    |
|--|-------------------------------------|-----------------------------|--------------------|
| <u>Iowa Public Television Foundation</u> | <u>Friends Contribution Account</u> | <u>Foundation Endowment</u> | <u>Total</u>       |
| -  | -                                   | -                           | 8,813,341          |
| -  | -                                   | -                           | 3,497,617          |
| -  | -                                   | -                           | 88,475             |
| -  | -                                   | -                           | 88,461             |
| 1,886,866                                | -                                   | -                           | 3,922,272          |
| -  | -                                   | -                           | 205,914            |
| 5,372,784                                | -                                   | -                           | 5,372,784          |
| -  | -                                   | -                           | 819,615            |
| <u>96,089</u>                            | <u>22,852</u>                       | <u>114,969</u>              | <u>367,096</u>     |
| <u>7,355,739</u>                         | <u>22,852</u>                       | <u>114,969</u>              | <u>23,175,575</u>  |
| 395,479                                  | -                                   | -                           | 1,550,845          |
| -  | -                                   | -                           | 5,149,546          |
| -  | -                                   | -                           | 4,536,156          |
| 2,240,143                                | 57,286                              | -                           | 10,338,924         |
| -  | -                                   | -                           | 154,313            |
| -  | -                                   | -                           | 1,841,585          |
| <u>2,635,622</u>                         | <u>57,286</u>                       | <u>-</u>                    | <u>23,571,369</u>  |
| <u>4,720,117</u>                         | <u>(34,434)</u>                     | <u>114,969</u>              | <u>(395,794)</u>   |
| 114,969                                  | 3,703,979                           | -                           | 9,094,710          |
| <u>(4,381,105)</u>                       | <u>(3,290,417)</u>                  | <u>(114,969)</u>            | <u>(9,094,710)</u> |
| <u>(4,266,136)</u>                       | <u>413,562</u>                      | <u>(114,969)</u>            | <u>-</u>           |
| 453,981                                  | 379,128                             | -                           | (395,794)          |
| <u>3,665,837</u>                         | <u>2,459,770</u>                    | <u>1,447,985</u>            | <u>13,207,807</u>  |
| <u>4,119,818</u>                         | <u>2,838,898</u>                    | <u>1,447,985</u>            | <u>12,812,013</u>  |

**Exhibit F**

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## Iowa Public Television

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2003

|  |                 |         |                  |
|--|-----------------|---------|------------------|
| <b>Net change in fund balances - Total governmental funds (page 23)</b>  |                 |         | \$ (395,794)     |
| <b>Amounts reported for governmental activities in the statement of activities are different because:</b>  |                 |         |                  |
| Contributions which will not be collected for several months after year end are not considered available revenues and are deferred in the governmental funds.  |                 |         | 132,996          |
| Governmental funds report revenue in the current period for amounts deferred in prior years because they were not considered available at that time.   |                 |         | (341,694)        |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. In the current period, these amounts are:                                    |                 |         |                  |
| Iowa Public Television:  |                 |         |                  |
| Expenditures for capital assets  | \$ 2,378,658    |         |                  |
| Depreciation expense   | (1,637,876)     |         |                  |
| Iowa Public Television Foundation:   |                 |         |                  |
| Depreciation expense   | <u>(24,975)</u> | 715,807 |                  |
| In the governmental funds, the proceeds from the disposal of capital assets increase financial resources, whereas the statement of activities only reports the loss on the disposal.   |                 |         | (24,658)         |
| Only expenses which require current financial resources are reported in governmental funds, whereas the statement of activities reports expenses that do not require the use of current financial resources. These expenses consist of compensated absences. |                 |         | <u>(30,772)</u>  |
| <b>Change in net assets of governmental activities (page 17)</b>   |                 |         | <u>\$ 55,885</u> |

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2003

**Assets**

|                      |    |            |
|----------------------|----|------------|
| Accounts receivable  | \$ | 203        |
| Due from other funds |    | <u>1</u>   |
| Total assets         | \$ | <u>204</u> |

**Liabilities**

|                             |    |            |
|-----------------------------|----|------------|
| Due to other state agencies | \$ | <u>204</u> |
|-----------------------------|----|------------|

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2003

**(1) Summary of Significant Accounting Policies**

Iowa Public Television, an agency of the State of Iowa, operates as an autonomous division of the Iowa Department of Education. It is mandated by statute to plan, establish and operate an educational television facility and such other communications services as may prove necessary to aid in the accomplishment of the educational objectives of the State of Iowa.

Iowa Public Television operates nine transmitters and eight translators as follows:

| <u>Transmitters</u>                | <u>Translators</u>                |
|------------------------------------|-----------------------------------|
| KDIN-TV Channel 11, Des Moines     | K14AF-TV Channel 14, Decorah      |
| KIIN-TV Channel 12, Iowa City      | K25AA-TV Channel 25, Rock Rapids  |
| KTIN-TV Channel 21, Fort Dodge     | K33AA-TV Channel 33, Ottumwa      |
| KYIN-TV Channel 24, Mason City     | K33AB-TV Channel 33, Sibley       |
| KSIN-TV Channel 27, Sioux City     | K38AB-TV Channel 38, Fort Madison |
| KBIN-TV Channel 32, Council Bluffs | K41AD-TV Channel 41, Lansing      |
| KRIN-TV Channel 32, Waterloo       | K44AB-TV Channel 44, Keokuk       |
| KHIN-TV Channel 36, Red Oak        | K54AF-TV Channel 54, Keosauqua    |
| KQIN-TV Channel 36, Davenport      |                                   |

The financial statements of Iowa Public Television and its component unit have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of Iowa Public Television's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, Iowa Public Television has included all funds and organizations. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency.

These financial statements present Iowa Public Television (the primary government) and its component unit. The component unit discussed below is included in Iowa Public Television's reporting entity because of the significance of its operational or financial relationships with Iowa Public Television. Complete financial statements of the component unit, Iowa Public Television Foundation, which issued separate financial statements, can be obtained from Iowa Public Television, P.O. Box 6450, Johnston, Iowa 50131.

Blended Component Unit - The following component unit is an entity which is legally separate from Iowa Public Television, but is so intertwined with it that it is, in substance, the same as Iowa Public Television. It is reported as part of Iowa Public Television and is blended into the Special Revenue and Permanent Funds.

Iowa Public Television Foundation is a non-profit corporation which was incorporated in December 1991 for the purpose of soliciting and managing gifts of money and property for the exclusive purpose of granting gifts of money and/or property to Iowa Public Television. Services provided by the Iowa Public Television Foundation include the promotion of the public television network, acquisition of new members and the annual renewal of existing members. The funds received by the Foundation, less expenses, are to be transferred monthly to Iowa Public Television for programs and program expenses. Although the Foundation is legally separate from the Agency, the Iowa Public Television Broadcasting Board has oversight responsibility.

B. Basis of Presentation

Entity-wide Financial Statements - The statement of net assets and the statement of activities report information on all the nonfiduciary activities of Iowa Public Television and its component unit. The effect of interfund activity has been removed from these statements. Governmental activities are those which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions.

The statement of net assets presents Iowa Public Television's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the entity-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Iowa Public Television reports the following major governmental funds:

The General Fund is the general operating fund of Iowa Public Television and is used to account for all financial resources except for those accounted for in another fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Iowa Public Television Foundation Fund is used to account for all money and property donations received to support public television in Iowa. Periodic transfers are made to the Friends Contribution Account Fund to finance program expenditures.

The Friends Contribution Account Fund is used to hold funds transferred from the Iowa Public Television Foundation. These funds are then transferred to the General Fund for program expenditures.

The Permanent Fund is used to hold a restricted gift made to Iowa Public Television during the fiscal year ended June 30, 2002. While the corpus of the gift is not available to spend, the earnings of the gift are restricted for the acquisition and/or production of quality family programming. Earnings are transferred to the Iowa Public Television Foundation Fund.

The Agency fund is used to account for assets held by Iowa Public Television as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The entity-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The entity-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Iowa Public Television considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Contributions, pledges, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

In reporting the financial activity in the entity-wide financial statements, Iowa Public Television applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments - Iowa Public Television makes deposits with the Treasurer of State and with other specific custodial banks. The cash balances of most state agency funds are pooled and invested by the Treasurer of State.

Iowa Public Television Foundation Investments - Investments are reported at fair value based on quoted market prices.

Restricted Assets - Cash - Iowa Public Television makes monthly contributions to the State Vehicle Dispatcher. Such contributions are restricted for the purpose of purchasing replacement vehicles.

Pledges Receivable - Pledges receivable are recognized when pledged and are shown net of an allowance for uncollectibles.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., towers, transmitters, and similar items that are immovable and of value only to Iowa Public Television), are reported in the governmental activities column in the entity-wide statement of net assets. Capital assets are defined by Iowa Public Television as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u>                   | <u>Iowa Public<br/>Television</u> | <u>Iowa Public<br/>Television Foundation</u> |
|--------------------------------------|-----------------------------------|--|
| Buildings                            | 31.5                              | -  |
| Transmitters                         | 10-15                             | -  |
| Leasehold improvements               | 5-15                              | 15   |
| Machinery, equipment<br>and vehicles | 2.5-13.5                          | 5-7  |

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as pledges and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of gifts and grants restricted by outside parties for specified purposes which are deemed to be earned and reported as revenues when Iowa Public Television has incurred expenditures in compliance with the specific restrictions.

Compensated Absences - Iowa Public Television employees accrue vacation, sick leave and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. The liabilities for compensated absences are based on rates of pay in effect at June 30, 2003.

State Appropriations and Reversions - The Legislature makes annual appropriations of state funds to the various agencies. No payment of an obligation for goods and services can be charged to an appropriation subsequent to the last day of the fiscal term for which the appropriation is made unless such goods or services are received on or before June 30. Notwithstanding Section 8.62 of the Code of Iowa, if the agency has unobligated balances of operational appropriations at the end of the fiscal year, the balance shall revert to the General Fund of the state as provided in Section 8.33.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, including the corpus of the gift recorded in the Permanent Fund that is not available for future spending.

## **(2) Deposits and Investments**

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. All interest income on money invested in the investment pool is retained in the fund holding the cash balance.

The carrying amount of cash not held by the Treasurer of State is \$358,894 and the bank balance is \$570,141. Deposits of \$230,480 are covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name as of June 30, 2003. Remaining deposits of \$339,661 are uninsured.

The component unit's investments at June 30, 2003 consist of mutual funds with a fair value of \$5,304,198 that are not subject to risk categorization.

**(3) Due From and Due To Other Funds**

The detail of interfund receivables and payables at June 30, 2003 is as follows:

| Fund                              | Receivables         | Payables         |
|-----------------------------------|---------------------|------------------|
| General                           | \$ 835,750          | 681,270          |
| Special Revenue:                  |                     |                  |
| Friends Contribution Account      | 308,980             | 70,870           |
| Iowa Public Television Foundation | 250,193             | 642,784          |
| Agency                            | 1                   | -                |
| Total                             | <u>\$ 1,394,924</u> | <u>1,394,924</u> |

The interfund receivables and payables shown above are prior to eliminations within the same fund type.

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2003 is as follows:

|                                    | Balance<br>Beginning<br>of Year | Increases        | Decreases        | Balance<br>End<br>of Year |
|------------------------------------|---------------------------------|------------------|------------------|---------------------------|
| <b>Iowa Public Television:</b>     |                                 |                  |                  |                           |
| Capital assets:                    |                                 |                  |                  |                           |
| Land, not being depreciated        | \$ 450,000                      | -                | -                | 450,000                   |
| Buildings                          | 6,113,810                       | 330,831          | -                | 6,444,641                 |
| Transmitters                       | 14,827,745                      | 1,415,547        | -                | 16,243,292                |
| Leasehold improvements             | 60,091                          | -                | -                | 60,091                    |
| Machinery, equipment and vehicles  | 6,300,954                       | 632,280          | (211,561)        | 6,721,673                 |
| Total capital assets               | <u>27,752,600</u>               | <u>2,378,658</u> | <u>(211,561)</u> | <u>29,919,697</u>         |
| Less accumulated depreciation for: |                                 |                  |                  |                           |
| Buildings                          | 2,051,945                       | 215,813          | -                | 2,267,758                 |
| Transmitters                       | 6,157,281                       | 886,181          | -                | 7,043,462                 |
| Leasehold improvements             | 20,927                          | 8,233            | -                | 29,160                    |
| Machinery, equipment and vehicles  | 5,020,752                       | 527,649          | (186,903)        | 5,361,498                 |
| Total accumulated depreciation     | <u>13,250,905</u>               | <u>1,637,876</u> | <u>(186,903)</u> | <u>14,701,878</u>         |
| Total capital assets, net          | <u>\$ 14,501,695</u>            | <u>740,782</u>   | <u>(24,658)</u>  | <u>15,217,819</u>         |

|   | Balance<br>Beginning<br>of Year | Increases       | Decreases | Balance<br>End<br>of Year |
|---|---------------------------------|-----------------|-----------|---------------------------|
| <b>Iowa Public Television Foundation:</b> |                                 |                 |           |                           |
| Capital assets:                           |                                 |                 |           |                           |
| Leasehold improvements                    | \$ 46,237                       | -               | -         | 46,237                    |
| Machinery, equipment and vehicles         | 389,616                         | -               | -         | 389,616                   |
| Total capital assets                      | <u>435,853</u>                  | -               | -         | <u>435,853</u>            |
| Less accumulated depreciation for:        |                                 |                 |           |                           |
| Leasehold improvements                    | 18,240                          | 2,763           | -         | 21,003                    |
| Machinery, equipment and vehicles         | 302,250                         | 22,212          | -         | 324,462                   |
| Total accumulated depreciation            | <u>320,490</u>                  | <u>24,975</u>   | -         | <u>345,465</u>            |
| Total capital assets, net                 | <u>\$ 115,363</u>               | <u>(24,975)</u> | -         | <u>90,388</u>             |

Depreciation expense was charged to functions of the primary government as follows:

|                                   | Iowa Public<br>Television | Iowa Public<br>Television Foundation | Total            |
|-----------------------------------|---------------------------|--------------------------------------|------------------|
| Governmental activities:          |                           |                                      |                  |
| Administration                    | \$ 201,889                | 24,975                               | 226,864          |
| Engineering and technical support | 468,880                   | -                                    | 468,880          |
| Educational telecommunications    | 73,136                    | -                                    | 73,136           |
| Programming and production        | 229,393                   | -                                    | 229,393          |
| Digital television                | <u>664,578</u>            | -                                    | <u>664,578</u>   |
| Total depreciation expense        | <u>\$ 1,637,876</u>       | <u>24,975</u>                        | <u>1,662,851</u> |

#### (5) Pension and Retirement Benefits

Iowa Public Television contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and Iowa Public Television is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. Iowa Public Television's contribution to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$327,705, \$343,664, and \$343,529, respectively, equal to the required contributions for each year.

#### (6) Operating Leases

Iowa Public Television has leased various sites of land and towers to provide educational television service for the State of Iowa. These leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. The leases expire prior to June 30, 2014 and require various minimum annual rentals. Certain leases are

renewable for additional periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2003:

| Year Ending<br>June 30, | Minimum<br>Rental Payments |
|-------------------------|----------------------------|
| 2004                    | \$ 393,916                 |
| 2005                    | 394,685                    |
| 2006                    | 394,685                    |
| 2007                    | 368,954                    |
| 2008                    | 145,067                    |
| 2009-2014               | <u>283,192</u>             |
| Total                   | <u>\$ 1,980,499</u>        |

Rental expense for the year ended June 30, 2003 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$378,705.

**(7) Indirect Administrative Support and In-Kind Contributions**

Indirect administrative support provided by other state agencies and in-kind contributions include the following:

Contributed support and in-kind \$205,914

These amounts are included in revenues and expenditures in the accompanying financial statements.

**(8) Lessor Operating Leases**

Iowa Public Television owns several transmitters which are located throughout the State of Iowa. Iowa Public Television leases a portion of the tower space, but currently no value has been assigned to the leased portion. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2003:

| Year Ending<br>June 30, | Minimum<br>Future Rentals |
|-------------------------|---------------------------|
| 2004                    | \$ 84,685                 |
| 2005                    | 84,865                    |
| 2006                    | 79,805                    |
| 2007                    | 46,744                    |
| 2008                    | 33,553                    |
| Thereafter              | <u>6,600</u>              |
| Total                   | <u>\$ 336,252</u>         |

**(9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

| Fund                              | Transfers In        | Transfers Out    |
|-----------------------------------|---------------------|------------------|
| General                           | \$ 5,275,762        | 1,308,219        |
| Special Revenue:                  |                     |                  |
| Friends Contribution Account      | 3,703,979           | 3,290,417        |
| Iowa Public Television Foundation | 114,969             | 4,381,105        |
| Permanent                         | -                   | 114,969          |
| Total                             | <u>\$ 9,094,710</u> | <u>9,094,710</u> |

Transfers move gifts and grants from Iowa Public Television Foundation to the Friends Contribution Account, which is Iowa Public Television's holding account. As funds are needed to meet programming and production obligations, transfers are made from the Friends Contribution Account to the General Fund. Transfers from the General Fund represent payment of obligations to other funds.

**(10) Risk Management**

State employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

**Required Supplementary Information**

Iowa Public Television  
 Budgetary Comparison Schedule of  
 Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund

Required Supplementary Information

Year ended June 30, 2003

|  | General<br>Fund<br>Actual | Less<br>Funds not<br>Required to<br>be Budgeted |
|--|---------------------------|---|
| Revenues:  |                           |   |
| State appropriations   | \$ 8,813,341              | -   |
| Federal assistance   | 3,497,617                 | 3,497,617                                       |
| Receipts from other entities   | 88,475                    | 11,693  |
| Fees and licenses  | 88,461                    | 88,461  |
| Gifts and grants   | 2,035,406                 | 2,035,406                                       |
| In-kind and indirect support   | 205,914                   | 205,914   |
| Other  | -                         | -   |
| Charges for service  | 819,615                   | 377,877   |
| Interest on investments  | 133,186                   | 128,492   |
| Total revenues   | 15,682,015                | 6,345,460                                       |
| Expenditures:  |                           |   |
| Administration   | 1,155,366                 | 205,914   |
| Engineering and technical support  | 5,149,546                 | -   |
| Educational telecommunications   | 4,536,156                 | 3,721,515                                       |
| Programming and production   | 8,041,495                 | 6,483,303                                       |
| Public and governmental relations  | 154,313                   | -   |
| Digital television   | 1,841,585                 | 196,094   |
| Total expenditures   | 20,878,461                | 10,606,826                                      |
| Deficiency of revenues under expenditures  | (5,196,446)               | (4,261,366)                                     |
| Other financing sources, net   | 3,967,543                 | 3,461,305                                       |
| Deficiency of revenues and other financing<br>sources under expenditures and other<br>financing uses | (1,228,903)               | (800,061)                                       |
| Balance beginning of year  | 5,634,215                 | 3,546,613                                       |
| Balance end of year  | \$ 4,405,312              | 2,746,552                                       |

See accompanying independent auditor's report.

| Net               | Budgeted Amounts  |                  | Final to Actual Variance Positive (Negative) |
|-------------------|-------------------|------------------|--|
|                   | Original          | Final            |  |
| 8,813,341         | 8,890,123         | 8,813,341        | -  |
| -                 | -                 | -                | -  |
| 76,782            | -                 | 76,782           | -  |
| -                 | -                 | -                | -  |
| -                 | -                 | -                | -  |
| -                 | 2,710             | 2,710            | (2,710)                                      |
| 441,738           | 251,111           | 251,111          | 190,627                                      |
| 4,694             | 5,000             | 5,000            | (306)  |
| <u>9,336,555</u>  | <u>9,148,944</u>  | <u>9,148,944</u> | <u>187,611</u>                               |
| 949,452           | 1,029,611         | 999,019          | 49,567                                       |
| 5,149,546         | 5,131,837         | 5,103,352        | (46,194)                                     |
| 814,641           | 1,115,543         | 1,068,425        | 253,784                                      |
| 1,558,192         | 1,527,907         | 1,527,907        | (30,285)                                     |
| 154,313           | 201,881           | 197,881          | 43,568                                       |
| <u>1,645,491</u>  | <u>1,005,000</u>  | <u>1,005,000</u> | <u>(640,491)</u>                             |
| <u>10,271,635</u> | <u>10,011,779</u> | <u>9,901,584</u> | <u>(370,051)</u>                             |
| (935,080)         | (862,835)         | (752,640)        | (182,440)                                    |
| <u>506,238</u>    | <u>862,835</u>    | <u>752,640</u>   | <u>(246,402)</u>                             |
| (428,842)         | -                 | -                | (428,842)                                    |
| <u>2,087,602</u>  | -                 | -                | <u>2,087,602</u>                             |
| <u>1,658,760</u>  | -                 | -                | <u>1,658,760</u>                             |

Iowa Public Television

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2003

Budgetary control is exercised over Iowa Public Television through the budgetary process prescribed in Chapter 8 of the Code of Iowa. Each agency of the State prepares estimates of expenditures and income for each ensuing fiscal year. These estimates are transmitted to the Iowa Department of Management, which prepares and submits a tentative budget to the Governor. After holding public hearings, the Governor prepares and transmits the budget to the Iowa Legislature. The Legislature appropriates funds to the various agencies based on the budget as adjusted through the appropriation process. Formal and legal budgetary control is based on total operating expenditures by appropriation unit.

The budgetary process described above does not apply to the non-appropriated accounts, indirect cost associated with in-kind and indirect support revenue nor to the Special Revenue Fund of Iowa Public Television or to the accounts of its component unit. The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles. There were no material violations of finance-related legal and contractual provisions. Actual expenditures exceeded budgeted expenditures as a result of the receipt and legal expenditure of federal and other non-state funds.

## **Supplemental Information**

Iowa Public Television  
Combining Balance Sheet  
General Fund Accounts  
June 30, 2003

|  | State<br>Appropri-<br>ations<br>#001 | CPB<br>Community<br>Service Grant<br>2001-2003<br>#004 | CPB<br>Community<br>Service Grant<br>2000-2002<br>#033 | Public<br>Telecomm-<br>unications<br>Facilities Program<br>#059 | Market<br>to<br>Market<br>#069 | IPTV<br>Miscel-<br>laneous<br>#085 |
|--|--------------------------------------|--|--|---|--------------------------------|------------------------------------|
| <b>Assets</b>                                |                                      |  |  |   |                                |                                    |
| Cash   | \$ 2,406                             | 316,478  | 1,896,389  | 340,930   | 232,353                        | 196,562                            |
| Unexpended appropriation                     | 220,393                              | -  | -  | -   | -                              | -                                  |
| Accounts receivable, net of allowance        | 22,878                               | 1,110  | -  | -   | 1,782                          | 28,221                             |
| Due from:                                    |                                      |  |  |   |                                |                                    |
| Other funds                                  | 70,502                               | 161,922  | -  | 794   | -                              | 450,023                            |
| Other state agencies                         | 125                                  | 3,637  | 11,907   | -   | 1,682                          | 3,945                              |
| Federal government                           | -                                    | -  | -  | 79,409  | -                              | -                                  |
| Prepaid expenditures                         | 24,342                               | -  | -  | -   | 170                            | 1,672                              |
| Restricted assets-cash                       | 36,609                               | -  | -  | -   | -                              | -                                  |
| <b>Total assets</b>                          | <b>\$ 377,255</b>                    | <b>483,147</b>   | <b>1,908,296</b>                                       | <b>421,133</b>  | <b>235,987</b>                 | <b>680,423</b>                     |
| <b>Liabilities and Fund Equity</b>           |                                      |  |  |   |                                |                                    |
| Liabilities:                                 |                                      |  |  |   |                                |                                    |
| Accounts payable                             | \$ 245,402                           | 68,692   | -  | 79,409  | 11,053                         | 2,620                              |
| Due to:                                      |                                      |  |  |   |                                |                                    |
| Other funds                                  | 1                                    | 11,964   | 180,881  | 335,930   | 1,219                          | 33,069                             |
| Other state agencies                         | 92,837                               | 36   | -  | 794   | 6                              | -                                  |
| Deferred revenue                             | -                                    | 412,019  | 1,712,715  | -   | 1,783                          | -                                  |
| <b>Total liabilities</b>                     | <b>338,240</b>                       | <b>492,711</b>   | <b>1,893,596</b>                                       | <b>416,133</b>  | <b>14,061</b>                  | <b>35,689</b>                      |
| Fund equity:                                 |                                      |  |  |   |                                |                                    |
| Fund balance:                                |                                      |  |  |   |                                |                                    |
| Reserved for:                                |                                      |  |  |   |                                |                                    |
| Prepaid expenditures                         | 24,342                               | -  | -  | -   | 170                            | 1,672                              |
| Subsequent years'<br>expenditures            | 36,609                               | -  | -  | -   | -                              | -                                  |
| Unreserved                                   | (21,936)                             | (9,564)  | 14,700   | 5,000   | 221,756                        | 643,062                            |
| <b>Total fund equity</b>                     | <b>39,015</b>                        | <b>(9,564)</b>   | <b>14,700</b>  | <b>5,000</b>  | <b>221,926</b>                 | <b>644,734</b>                     |
| <b>Total liabilities and<br/>fund equity</b> | <b>\$ 377,255</b>                    | <b>483,147</b>   | <b>1,908,296</b>                                       | <b>421,133</b>  | <b>235,987</b>                 | <b>680,423</b>                     |

See accompanying independent auditor's report.

| Digital TV Conversion #198/217 | Iowa Distance Education Alliance #264 | Restricted Donations Program-<br>ming #302 | Friends Funded Program-<br>ming #303 | Education Telecomm-<br>unications Projects #304 | Marketing and Distribution #308 | Educational and Contractual Services #311 | Capital Equipment Replacement Fund #316 | Total            |
|--------------------------------|---------------------------------------|--|--------------------------------------|---|---------------------------------|---|---|------------------|
| -                              | 41,008                                | 17,975                                     | 616,628                              | 312,062   | 35,980                          | 856,137                                   | 37,977                                  | 4,902,885        |
| 1,222,745                      | -                                     | -  | -                                    | -   | -                               | -   | -                                       | 1,443,138        |
| -                              | -                                     | -  | 7,491                                | -   | 2,941                           | 923                                       | 691                                     | 66,037           |
| -                              | -                                     | -  | 43,728                               | 100,000   | 1,268                           | 2,757                                     | 4,756                                   | 835,750          |
| -                              | -                                     | 148  | 4,614                                | 52,460  | 235                             | 5,874                                     | 218                                     | 84,845           |
| -                              | 391,550                               | -  | -                                    | 13,250  | -                               | -   | -                                       | 484,209          |
| 690,625                        | -                                     | -  | 3,975                                | -   | -                               | 8,625                                     | 448                                     | 729,857          |
| 12,505                         | -                                     | -  | -                                    | -   | -                               | -   | -                                       | 49,114           |
| <u>1,925,875</u>               | <u>432,558</u>                        | <u>18,123</u>                              | <u>676,436</u>                       | <u>477,772</u>                                  | <u>40,424</u>                   | <u>874,316</u>                            | <u>44,090</u>                           | <u>8,595,835</u> |
| 302,908                        | 387,458                               | 199  | 89,552                               | 55,505  | 306                             | 41,485                                    | -                                       | 1,284,589        |
| 794                            | 44,644                                | 1,318                                      | 46,564                               | 14,809  | -                               | 10,077                                    | -                                       | 681,270          |
| 2,428                          | 454                                   | -  | 506                                  | 1,086   | -                               | -   | -                                       | 98,147           |
| -                              | -                                     | -  | -                                    | -   | -                               | -   | -                                       | 2,126,517        |
| <u>306,130</u>                 | <u>432,556</u>                        | <u>1,517</u>                               | <u>136,622</u>                       | <u>71,400</u>                                   | <u>306</u>                      | <u>51,562</u>                             | <u>-</u>                                | <u>4,190,523</u> |
| 690,625                        | -                                     | -  | 3,975                                | -   | -                               | 8,625                                     | 448                                     | 729,857          |
| 12,505                         | -                                     | -  | -                                    | -   | -                               | -   | -                                       | 49,114           |
| 916,615                        | 2                                     | 16,606                                     | 535,839                              | 406,372   | 40,118                          | 814,129                                   | 43,642                                  | 3,626,341        |
| <u>1,619,745</u>               | <u>2</u>                              | <u>16,606</u>                              | <u>539,814</u>                       | <u>406,372</u>                                  | <u>40,118</u>                   | <u>822,754</u>                            | <u>44,090</u>                           | <u>4,405,312</u> |
| <u>1,925,875</u>               | <u>432,558</u>                        | <u>18,123</u>                              | <u>676,436</u>                       | <u>477,772</u>                                  | <u>40,424</u>                   | <u>874,316</u>                            | <u>44,090</u>                           | <u>8,595,835</u> |

Iowa Public Television

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

General Fund Accounts

Year ended June 30, 2003

|   | State<br>Appropriations<br>#001 | CPB<br>Community<br>Service Grant<br>2001-2003<br>#004 | CPB<br>Community<br>Service Grant<br>2000-2002<br>#033 | Public<br>Telecomm-<br>unications<br>Facilities Program<br>#059 | Market<br>to<br>Market<br>#069 | IPTV<br>Miscel-<br>laneous<br>#085 |
|---|---------------------------------|--|--|---|--------------------------------|------------------------------------|
| <b>Revenues:</b>  |                                 |  |  |   |                                |                                    |
| State appropriations  | \$ 7,813,341                    | -  | -  | -   | -                              | -                                  |
| Federal assistance  | -                               | -  | -  | 196,093   | -                              | -                                  |
| Receipts from other entities  | 76,782                          | -  | -  | -   | -                              | -                                  |
| Fees and licenses   | -                               | -  | -  | -   | 33,180                         | 45,781                             |
| Gifts and grants  | -                               | 1,369,245  | 369,813  | -   | -                              | 15,035                             |
| In-kind and indirect support  | 205,914                         | -  | -  | -   | -                              | -                                  |
| Charges for service   | 241,738                         | -  | -  | -   | -                              | 5,213                              |
| Interest on investments   | -                               | 30,723   | 14,318   | -   | 6,280                          | 15,716                             |
| <b>Total revenues</b>   | <b>8,337,775</b>                | <b>1,399,968</b>                                       | <b>384,131</b>   | <b>196,093</b>  | <b>39,460</b>                  | <b>81,745</b>                      |
| <b>Expenditures:</b>  |                                 |  |  |   |                                |                                    |
| Administration  | 1,155,366                       | -  | -  | -   | -                              | -                                  |
| Engineering and technical support   | 5,149,546                       | -  | -  | -   | -                              | -                                  |
| Educational telecommunications  | 814,641                         | -  | -  | -   | -                              | -                                  |
| Programming and production  | 1,558,192                       | 1,372,745  | 333,862  | -   | 286,339                        | 339,334                            |
| Public and governmental relations   | 154,313                         | -  | -  | -   | -                              | -                                  |
| Digital television  | -                               | -  | -  | 196,094   | -                              | -                                  |
| <b>Total expenditures</b>   | <b>8,832,058</b>                | <b>1,372,745</b>                                       | <b>333,862</b>   | <b>196,094</b>  | <b>286,339</b>                 | <b>339,334</b>                     |
| Excess (deficiency) of revenues<br>over (under) expenditures  | (494,283)                       | 27,223   | 50,269   | (1)   | (246,879)                      | (257,589)                          |
| <b>Other financing sources (uses):</b>  |                                 |  |  |   |                                |                                    |
| Operating transfers in  | 506,238                         | -  | -  | -   | 179,000                        | 684,792                            |
| Operating transfers out   | -                               | (32,398)   | (62,884)   | (335,930)   | (34,545)                       | (508,069)                          |
| <b>Total other financing sources (uses)</b>   | <b>506,238</b>                  | <b>(32,398)</b>  | <b>(62,884)</b>  | <b>(335,930)</b>  | <b>144,455</b>                 | <b>176,723</b>                     |
| Excess (deficiency) of<br>revenues and other financing sources<br>over (under) expenditures<br>and other financing uses | 11,955                          | (5,175)  | (12,615)   | (335,931)   | (102,424)                      | (80,866)                           |
| Fund balance beginning of year  | 27,060                          | (4,389)  | 27,315   | 340,931   | 324,350                        | 725,600                            |
| Fund balance end of year  | \$ 39,015                       | (9,564)  | 14,700   | 5,000   | 221,926                        | 644,734                            |

See accompanying independent auditor's report.

| Digital<br>TV<br>Conversion<br>#198/217 | Iowa<br>Distance<br>Education<br>Alliance<br>#264 | Special<br>Projects<br>#302 | Friends<br>Funded<br>Program-<br>ming<br>#303 | Education<br>Telecomm-<br>unications<br>Projects<br>#304 | Marketing<br>and<br>Distri-<br>bution<br>#308 | Educational<br>and<br>Contractual<br>Services<br>#311 | Capital<br>Equipment<br>Replacement<br>Fund<br>#316 | Total              |
|---|---|-----------------------------|---|--|---|---|---|--------------------|
| 1,000,000                               | -   | -                           | -   | -  | -   | -   | -   | 8,813,341          |
| -                                       | 3,205,533   | -                           | -   | 95,241   | -   | 750   | -   | 3,497,617          |
| -                                       | -   | -                           | -   | 11,693   | -   | -   | -   | 88,475             |
| -                                       | -   | -                           | -   | -  | 9,500   | -   | -   | 88,461             |
| -                                       | -   | -                           | 53,471  | 92,542   | -   | 135,300   | -   | 2,035,406          |
| -                                       | -   | -                           | -   | -  | -   | -   | -   | 205,914            |
| 200,000                                 | -   | -                           | 7,435   | 127,727  | 33,115  | 189,636   | 14,751  | 819,615            |
| 4,694                                   | -   | 747                         | 27,479  | 11,011   | 487   | 20,259  | 1,472   | 133,186            |
| <u>1,204,694</u>                        | <u>3,205,533</u>                                  | <u>747</u>                  | <u>88,385</u>                                 | <u>338,214</u>   | <u>43,102</u>                                 | <u>345,945</u>  | <u>16,223</u>                                       | <u>15,682,015</u>  |
| -                                       | -   | -                           | -   | -  | -   | -   | -   | 1,155,366          |
| -                                       | -   | -                           | -   | -  | -   | -   | -   | 5,149,546          |
| -                                       | 3,173,416   | -                           | -   | 548,099  | -   | -   | -   | 4,536,156          |
| -                                       | -   | 26,878                      | 3,501,389                                     | -  | 24,501  | 492,593   | 105,662   | 8,041,495          |
| -                                       | -   | -                           | -   | -  | -   | -   | -   | 154,313            |
| <u>1,645,491</u>                        | <u>-</u>  | <u>-</u>                    | <u>-</u>                                      | <u>-</u>   | <u>-</u>                                      | <u>-</u>  | <u>-</u>  | <u>1,841,585</u>   |
| <u>1,645,491</u>                        | <u>3,173,416</u>                                  | <u>26,878</u>               | <u>3,501,389</u>                              | <u>548,099</u>   | <u>24,501</u>                                 | <u>492,593</u>  | <u>105,662</u>                                      | <u>20,878,461</u>  |
| <u>(440,797)</u>                        | <u>32,117</u>                                     | <u>(26,131)</u>             | <u>(3,413,004)</u>                            | <u>(209,885)</u>   | <u>18,601</u>                                 | <u>(146,648)</u>                                      | <u>(89,439)</u>                                     | <u>(5,196,446)</u> |
| -                                       | -   | -                           | 3,668,280                                     | 107,080  | -   | 115,873   | 14,499  | 5,275,762          |
| -                                       | (32,455)  | -                           | (251,682)                                     | (16,225)   | -   | (34,031)  | -   | (1,308,219)        |
| -                                       | <u>(32,455)</u>                                   | <u>-</u>                    | <u>3,416,598</u>                              | <u>90,855</u>  | <u>-</u>                                      | <u>81,842</u>   | <u>14,499</u>                                       | <u>3,967,543</u>   |
| (440,797)                               | (338)   | (26,131)                    | 3,594   | (119,030)  | 18,601  | (64,806)  | (74,940)  | (1,228,903)        |
| <u>2,060,542</u>                        | <u>340</u>  | <u>42,737</u>               | <u>536,220</u>                                | <u>525,402</u>   | <u>21,517</u>                                 | <u>887,560</u>  | <u>119,030</u>                                      | <u>5,634,215</u>   |
| <u>1,619,745</u>                        | <u>2</u>  | <u>16,606</u>               | <u>539,814</u>                                | <u>406,372</u>   | <u>40,118</u>                                 | <u>822,754</u>  | <u>44,090</u>                                       | <u>4,405,312</u>   |

**Schedule 3**

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Iowa Public Television

Expenditures by Object

General Fund

Year ended June 30, 2003

|  |                      |
|--|----------------------|
| Personal services                                    | \$ 7,410,081         |
| Travel   | 162,615              |
| Supplies and materials                               | 2,304,913            |
| Contractual services                                 | 8,747,422            |
| Equipment and repair                                 | 2,093,829            |
| Claims and miscellaneous                             | 13,427               |
| Plant improvements                                   | 120,124              |
| Remittance of cash deposited with Vehicle Dispatcher | <u>26,050</u>        |
| Total  | <u>\$ 20,878,461</u> |

See accompanying independent auditor's report.

Iowa Public Television  
 Schedule of Changes in Fiduciary Assets and Liabilities  
 Agency Fund  
 Year ended June 30, 2003

|                             | Balance<br>June 30,<br>2002 | Additions     | Deductions    | Balance<br>June 30,<br>2003 |
|-----------------------------|-----------------------------|---------------|---------------|-----------------------------|
| <b>Assets</b>               |                             |               |               |                             |
| Cash                        | \$ -                        | 16,466        | 16,466        | -                           |
| Accounts receivable         | 228                         | 203           | 228           | 203                         |
| Due from other funds        | 51                          | 1             | 51            | 1                           |
| Total assets                | <u>\$ 279</u>               | <u>16,670</u> | <u>16,745</u> | <u>204</u>                  |
| <b>Liabilities</b>          |                             |               |               |                             |
| Due to other state agencies | <u>\$ 279</u>               | <u>16,670</u> | <u>16,745</u> | <u>204</u>                  |

See accompanying independent auditor's report.

**Iowa Public Television**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Board Members of  
Iowa Public Television:

We have audited the financial statements of Iowa Public Television, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Iowa Public Television's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa Public Television's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa Public Television, citizens of the State of Iowa and other parties to whom Iowa Public Television may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Public Television during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 13, 2003

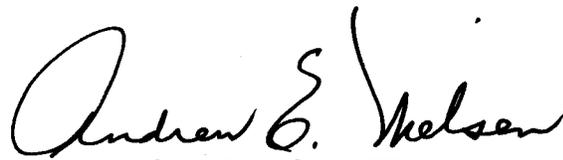
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Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager  
Lesley R. Geary, CPA, Senior Auditor  
Sheila M. Jensen, Staff Auditor  
Shawn P. Limback, CPA, Staff Auditor  
Jason R. Matter, Staff Auditor  
Gary D. Van Lengen, CPA, Staff Auditor  
Stephanie A. Bernard, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State

## **Statistical Information**

Iowa Public Television  
Members and Contributors  
Year ended June 30, 2003

The number of individuals making contributions to Iowa Public Television Foundation during the year ended June 30, 2003 was as follows:

|                         |                      |
|-------------------------|----------------------|
| Non-member contributors | 10,023               |
| Active members          | 59,210               |
| Tower Club members      | <u>545</u>           |
| Total                   | <u><u>69,778</u></u> |