



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

FOR RELEASE _____ December 2, 2004 _____

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Iowa Public Television for the year ended June 30, 2004. One component unit, the Iowa Public Television Foundation, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$25,473,602 for the year, a 62% increase from the prior year. Revenues included state appropriations of \$18,047,609, gifts and grants of \$2,859,753, federal assistance of \$2,650,140 and in-kind and indirect support of \$631,419. The significant increase was primarily the result of an increase in state appropriations for the purpose of digital TV conversion. The Iowa Public Television Foundation received \$4,833,621 from Foundation memberships and \$2,073,748 of corporate support.

Expenditures to operate the educational television network for the year ended June 30, 2004 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 1,049,041	466,216	1,515,257
Engineering and technical support	5,249,612	-	5,249,612
Educational telecommunications	3,323,395	-	3,323,395
Programming and production	8,386,705	2,450,110	10,836,815
Communications	152,183	-	152,183
Digital television	2,358,397	-	2,358,397
Total	<u>\$20,519,333</u>	<u>2,916,326</u>	<u>23,435,659</u>

Expenditures in the General Fund decreased 2% from the prior year.

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, 2004

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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
Robert W. Hall
Susan McDermott
John V. Hartung
Michael C. Morrison
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, 2004, which collectively comprise the basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Public Television's management. Our responsibility is to express opinions 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 70.5% and 99.9%, 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 our audit and the report of the other auditors provide a reasonable basis for our opinion.

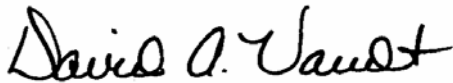
As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2004, 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, 2004, 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 9, 2004 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 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 9, 2004

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, 2004. 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. Nearly 1,000,000 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 received or has commitments for the entire \$45,000,000 estimated to complete the digital television conversion. Work on one of the nine digital transmitters was completed in fiscal year 2003. Two high-power transmitters were completed in August 2004. Two more high-power digital transmitters and four temporary low-power digital transmitters are expected to be completed in fiscal year 2005. The final four high-power digital transmitters, which will replace the temporary low-power digital transmitters, are estimated to be completed by the end of fiscal year 2006. The eight translators will also be replaced during the next three years.

FINANCIAL HIGHLIGHTS

- In fiscal year 2004, total net revenues increased by \$10 million. The increases were due to:
 - an increase in the state digital television appropriation of \$9 million,
 - an increase in the capital grants and contributions of \$1.2 million, and
 - an increase in investment earnings of \$608,791.
- Operating expenses for Iowa Public Television decreased by \$289,125. Educational telecommunications services and contractual services decreased from the previous fiscal year.
- Capital assets increased primarily due to the continued conversion to digital.

USING THIS ANNUAL REPORT

This discussion and analysis is 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 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 increased to \$37.74 million at the end of fiscal year 2004 as compared to \$27.39 million at the end of fiscal year 2003.

Net assets invested in capital assets represent the largest portion of net assets and includes 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.

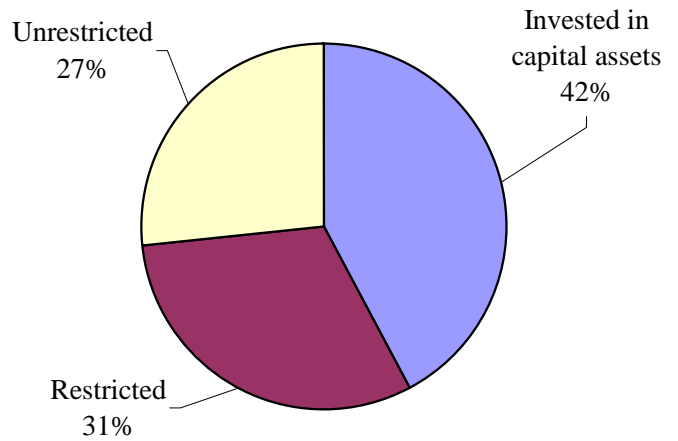
Restricted net assets represent the next largest portion of IPTV's net assets. Much of these restricted net assets will be invested in capital assets as the digital conversion continues over the subsequent years. This portion also includes endowment assets that are subject to external restrictions on how they may be used. The earnings on these assets will eventually be used for the acquisition of and/or production of television programs.

The remaining portion represents unrestricted net assets and are available to be used to meet IPTV's ongoing obligations to vendors.

Net Assets of Governmental Activities

Assets	June 30, 2003	June 30, 2004
Current and other assets	\$ 16,723,354	27,451,672
Capital assets	15,308,207	15,910,904
Total Assets	32,031,561	43,362,576
Liabilities		
Current liabilities	4,341,354	5,223,714
Noncurrent liabilities	304,172	397,595
Total Liabilities	4,645,526	5,621,309
Net Assets		
Invested in capital assets	15,308,207	15,910,904
Restricted	1,553,068	11,723,654
Unrestricted	10,524,760	10,106,709
Total Net Assets	\$ 27,386,035	37,741,267

FY 2004 Composition of Net Assets

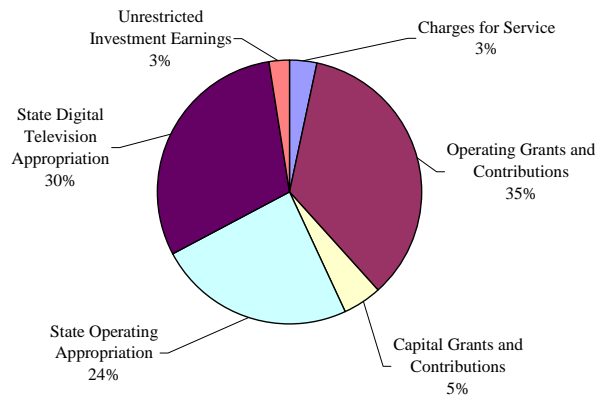


The net assets of Iowa Public Television increased \$10.4 million during fiscal year 2004. FY 2004 revenues were \$10 million more than in FY 2003. Increases were seen in the state digital television appropriation, capital grants and contributions, and investment earnings. Operating grants and contributions of \$11.6 million represented 35% 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 2004, IPTV received state appropriations of \$18 million, of which \$10 million was for digital television conversion, \$6.8 million was a state operating appropriation, and \$1.2 million was passed directly to regional telecommunications councils across the state. The state digital television appropriation of \$10 million represented 30% of total revenues. FY 2004 expenses were \$289,125 lower than in FY 2003. Educational telecommunications expenses decreased \$1.2 million, while programming and production expenses increased \$690,310 and digital television expenses increased \$279,637. Programming and production expenses of \$10.9 million represented 47% of total expenses during the fiscal year. The majority of the expenses from the IPTV Foundation are included in programming and production expenses.

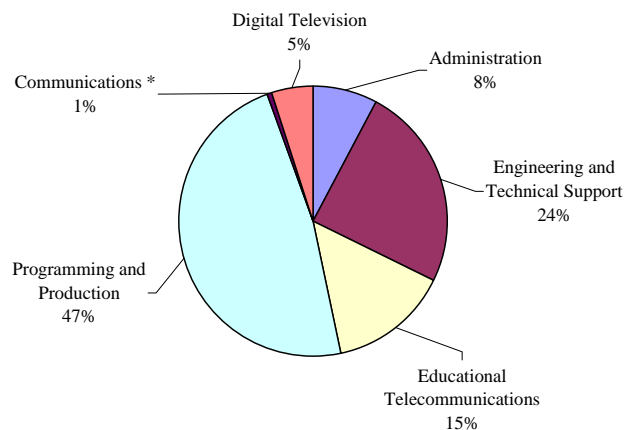
Changes in Net Assets of Governmental Activities

	Year Ended June 30, 2003	Year Ended June 30, 2004
Revenues:		
Program Revenues		
Charges for Service	\$ 1,210,547	1,083,113
Operating Grants and Contributions	12,595,898	11,647,294
Capital Grants and Contributions	396,093	1,612,631
General Revenues		
State Operating Appropriation	7,813,341	8,047,609
State Digital Television Appropriation	1,000,000	10,000,000
Unrestricted Investment Earnings	252,127	860,918
Total Revenues	23,268,006	33,251,565
Program Expenses:		
Administration	1,809,768	1,809,784
Engineering and Technical Support	5,556,217	5,551,580
Educational Telecommunications	4,603,539	3,357,600
Programming and Production	10,242,119	10,932,429
Communications *	162,826	154,314
Digital Television	835,440	1,115,077
Total Expenses	23,209,909	22,920,784
Revenue Over Expenses	58,097	10,330,781
Gain(Loss) on Disposal of Assets	(2,212)	24,451
Increase in Net Assets	55,885	10,355,232
Net Assets beginning of year	27,330,150	27,386,035
Net Assets end of year	\$ 27,386,035	37,741,267

FY 2004 Revenue by Source



FY 2004 Expenses by Program



* Formally Public and Governmental Relations

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found beginning on page 25.

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

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

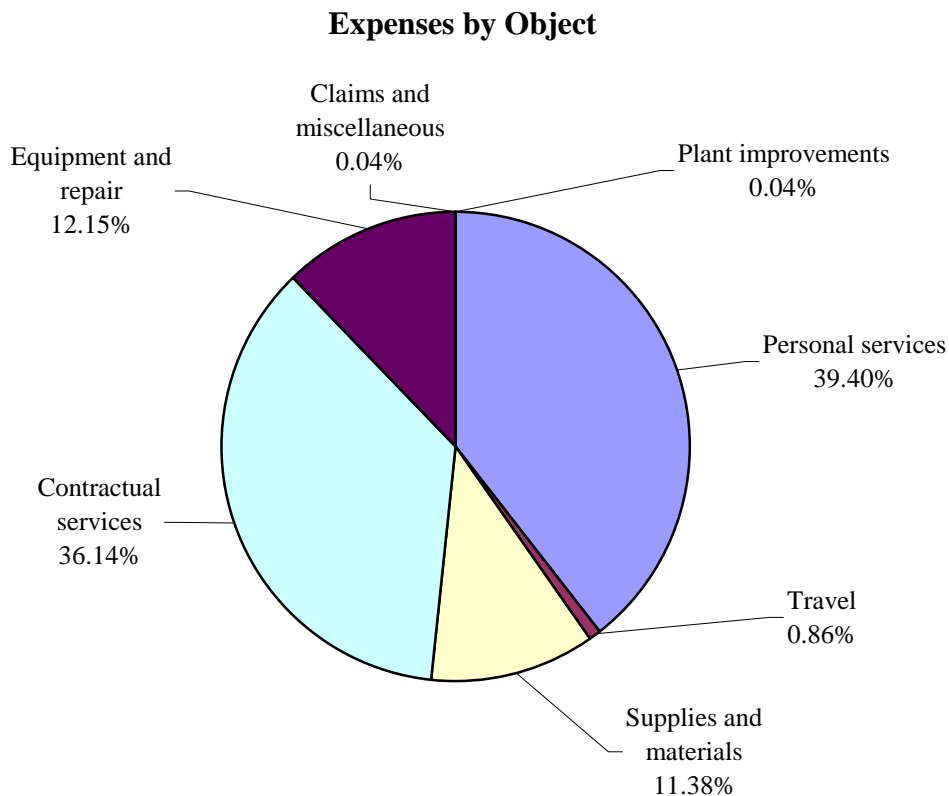
FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS

General Fund (Exhibits C and E):

As of June 30, 2004, Iowa Public Television reported a combined General Fund balance of \$13.6 million, which is \$9.2 million greater than the previous year's total of \$4.4 million. IPTV's General Fund revenues exceeded General Fund expenditures by \$4.9 million and approximately \$4.3 million in net transfers were received from the Special Revenue Fund.

IPTV's total state appropriations of \$18 million represented 71% of total General Fund revenues of \$25.5 million. Gifts and grants of \$2.9 million represented 11% of total General Fund revenues, while Federal assistance of \$2.7 million represented 11% of total General Fund revenues.

Personal services of \$8.1 million represented 39% of General Fund expenditures. Contractual services of \$7.4 million represented 36% of total General Fund expenditures of \$20.5 million (see Schedule 3). 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, 2004, IPTV reported a combined Special Revenue Fund balance of \$7.5 million. The Special Revenue Fund balance increased by \$530,292 over the fiscal year ended June 30, 2004. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by \$4.6 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of \$7.5 million was comprised mainly of \$4.8 million in membership revenue and \$2.1 million in gifts and grants.

General Fund Budgetary Highlights

The state appropriations for Iowa Public Television were reduced by 2.5% for fiscal year 2004. The state appropriation that is passed through to the regional telecommunications councils was reduced as well. Ten percent of the 2.5% appropriation reduction experienced in 2004 was restored. 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. Expenditures were lower than budgeted primarily due to capital funds. Any capital funds unspent were carried forward to fiscal year 2005. Other expenditure line variances were due to the shifting of resources from one function to another during the fiscal year.

CAPITAL ASSETS

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2004 was \$32.3 million, net of accumulated depreciation of \$16.4 million, leaving a net book value of \$15.9 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 net increase in Iowa Public Television's investment in capital assets for the current fiscal year was about \$2 million, with the majority used for the digital conversion. Depreciation charges for the year totaled \$1.7 million.

Iowa Public Television's fiscal year 2005 capital budget includes \$17 million for capital projects, principally for the completion of high-power digital transmitters at KHIN-DT Red Oak and KBIN-DT Council Bluffs, low-power digital transmitters at KYIN-DT Mason City, KTIN-DT Fort Dodge, KIIN-DT Iowa City and KQIN-DT Quad Cities and interconnection and origination equipment for the network. Funds will be carried forward to fiscal year 2006 to complete the four remaining high-power digital channels. 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 11, 2004 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2005.

The state appropriations for Iowa Public Television were not reduced for fiscal year 2005. However, the mandated increases in salaries and benefits in fiscal year 2005 were not funded. Budgeted disbursements are expected to decrease to align with the unfunded increase in personnel costs. Iowa Public Television's net asset balance is expected to increase at the close of fiscal year 2005 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

Basic Financial Statements

Exhibit A

Iowa Public Television

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash	\$ 8,571,452
Investments	204,309
Unexpended appropriation	10,376,048
Accounts receivable, net of allowance for uncollectible accounts of \$34,473	47,975
Pledges receivable, net of allowance for uncollectible accounts of \$196,500	587,011
Due from:	
Other funds	156,282
Other state agencies	75,345
Federal government	834,581
Restricted assets-cash	54,983
Prepaid expenses	690,301
Total current assets	<u>21,598,287</u>
Noncurrent assets:	
Investments	5,853,385
Capital assets, net	15,910,904
Total noncurrent assets	<u>21,764,289</u>
Total assets	<u>43,362,576</u>
Liabilities	
Current liabilities:	
Accounts payable	1,960,560
Due to:	
Other funds	156,282
Other state agencies	129,558
Deferred revenue	2,419,655
Compensated absences	557,659
Total current liabilities	<u>5,223,714</u>
Noncurrent liabilities:	
Compensated absences	397,595
Total liabilities	<u>5,621,309</u>
Net Assets	
Invested in capital assets	15,910,904
Restricted for:	
Future state vehicle dispatch purchases	54,983
Acquisition or production of programming	1,721,006
Installation of digital television	9,947,665
Unrestricted	10,106,709
Total net assets	<u>\$ 37,741,267</u>

See notes to financial statements.

Iowa Public Television

Statement of Activities

Year ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions:					
Governmental activities:					
Administration	\$ 1,809,784	2,607	86,767	-	(1,720,410)
Engineering and technical support	5,551,580	250,842	-	-	(5,300,738)
Educational telecommunications	3,357,600	2,683	2,506,174	-	(848,743)
Programming and production	10,932,429	826,981	9,054,353	-	(1,051,095)
Communications	154,314	-	-	-	(154,314)
Digital television	1,115,077	-	-	1,612,631	497,554
Total	<u>\$ 22,920,784</u>	<u>1,083,113</u>	<u>11,647,294</u>	<u>1,612,631</u>	<u>(8,577,746)</u>
General revenues:					
State appropriation					18,047,609
Gain on sale of capital assets					24,451
Unrestricted investment earnings					<u>860,918</u>
Total general revenues					<u>18,932,978</u>
Change in net assets					10,355,232
Net assets beginning of year					<u>27,386,035</u>
Net assets end of year					<u>\$ 37,741,267</u>

See notes to financial statements.

Iowa Public Television

Balance Sheet
Governmental Funds

June 30, 2004

Assets	
	<u>General</u>
Assets:	
Cash	\$ 5,718,347
Investments	-
Unexpended appropriation	10,376,048
Accounts receivable, net of allowance for uncollectible accounts of \$34,473	47,975
Pledges receivable, net of allowance for uncollectible accounts of \$196,500	-
Due from:	
Other funds	455,925
Other state agencies	65,582
Federal government	834,581
Restricted assets-cash	54,983
Prepaid expenditures	631,201
Total assets	<u><u>\$ 18,184,642</u></u>
 Liabilities and Fund Balance 	
Liabilities:	
Accounts payable	\$ 1,715,293
Due to:	
Other funds	299,643
Other state agencies	128,791
Deferred revenue	2,420,791
Total liabilities	<u>4,564,518</u>
Fund balances:	
Reserved for:	
Prepaid expenditures	631,201
Subsequent years' expenditures	54,983
Specific purposes	9,947,665
Unreserved	2,986,275
Total fund balances	<u>13,620,124</u>
Total liabilities and fund balances	<u><u>\$ 18,184,642</u></u>

See notes to financial statements.

Special Revenue				
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment		Total
593,433	2,259,672	-		8,571,452
4,609,709	-	1,447,985		6,057,694
-	-	-		10,376,048
-	-	-		47,975
587,011	-	-		587,011
337,754	325,839	-		1,119,518
-	9,763	-		75,345
-	-	-		834,581
-	-	-		54,983
59,100	-	-		690,301
<u>6,187,007</u>	<u>2,595,274</u>	<u>1,447,985</u>		<u>28,414,908</u>
241,172	4,095	-		1,960,560
748,561	71,314	-		1,119,518
-	767	-		129,558
227,364	-	-		2,648,155
<u>1,217,097</u>	<u>76,176</u>	<u>-</u>		<u>5,857,791</u>
59,100	-	-		690,301
-	-	-		54,983
273,021	-	1,447,985		11,668,671
4,637,789	2,519,098	-		10,143,162
<u>4,969,910</u>	<u>2,519,098</u>	<u>1,447,985</u>		<u>22,557,117</u>
<u>6,187,007</u>	<u>2,595,274</u>	<u>1,447,985</u>		<u>28,414,908</u>

Exhibit D

Iowa Public Television

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

June 30, 2004

Total governmental fund balances (page 19) \$ 22,557,117

***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	\$ 15,842,681	
Iowa Public Television Foundation	<u>68,223</u>	15,910,904

Other long-term assets are not available to pay current period
expenditures and, therefore, are deferred in the funds. 228,500

Long-term liabilities, consisting of compensated absences, are not due
and payable in the current period and, therefore, are not reported in the funds. (955,254)

Net assets of governmental activities (page 17) \$ 37,741,267

See notes to financial statements.

Iowa Public Television

Iowa Public Television

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

Year ended June 30, 2004

	<u>General</u>
Revenues:	
State appropriation	\$ 18,047,609
Federal assistance	2,650,140
Receipts from other entities	47,461
Fees and licenses	124,108
Gifts and grants	2,859,753
In-kind and indirect support	631,419
Memberships	-
Charges for service	1,051,986
Interest on investments	61,126
Total revenues	<u>25,473,602</u>
Expenditures:	
Administration	1,049,041
Engineering and technical support	5,249,612
Educational telecommunications	3,323,395
Programming and production	8,386,705
Communications	152,183
Digital television	2,358,397
Total expenditures	<u>20,519,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,954,269</u>
Other financing sources (uses):	
Operating transfers in	4,874,506
Operating transfers out	<u>(613,963)</u>
Total other financing sources (uses):	<u>4,260,543</u>
Net change in fund balances	9,214,812
Fund balances beginning of year	<u>4,405,312</u>
Fund balances end of year	<u><u>\$ 13,620,124</u></u>

See notes to financial statements.

Special Revenue			
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment	Total
-	-	-	18,047,609
-	-	-	2,650,140
-	-	-	47,461
-	-	-	124,108
2,073,748	-	-	4,933,501
-	-	-	631,419
4,833,621	-	-	4,833,621
-	-	-	1,051,986
599,575	12,402	187,815	860,918
7,506,944	12,402	187,815	33,180,763
466,216	-	-	1,515,257
-	-	-	5,249,612
-	-	-	3,323,395
2,392,056	58,054	-	10,836,815
-	-	-	152,183
-	-	-	2,358,397
2,858,272	58,054	-	23,435,659
4,648,672	(45,652)	187,815	9,745,104
-	3,414,761	-	8,289,267
(3,798,580)	(3,688,909)	(187,815)	(8,289,267)
(3,798,580)	(274,148)	(187,815)	-
850,092	(319,800)	-	9,745,104
4,119,818	2,838,898	1,447,985	12,812,013
4,969,910	2,519,098	1,447,985	22,557,117

Exhibit F

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, 2004

Net change in fund balances - Total governmental funds (page 23)		\$ 9,745,104
Amounts reported for governmental activities in the Statement of Activities are different because:		
Contributions which will not be collected for several months after year end are not considered available revenues and, therefore, are deferred in the governmental funds.		228,500
Governmental funds report revenue in the current period for amounts deferred in prior years because they were not considered available at that time.		(132,996)
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	\$2,409,673	
Depreciation expense	(1,727,551)	
Iowa Public Television Foundation:		
Depreciation expense	<u>(22,165)</u>	659,957
In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the statement of activities only reports the gain on the disposal.		(57,260)
Only expenses which require current financial resources are reported in governmental funds, whereas the Statement of Activities reports expenses for compensated absences not requiring the use of current financial resources.		<u>(88,073)</u>
Change in net assets of governmental activities (page 17)		<u><u>\$ 10,355,232</u></u>

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2004

(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, Quad Cities	

The financial statements of Iowa Public Television and its component unit have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa Public Television has included all funds and organizations. It 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 Iowa Public Television are such that exclusion would cause Iowa Public Television'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 Iowa Public Television 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 Iowa Public Television.

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 not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which 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 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 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 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.

Iowa Public Television also reports the following fiduciary 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.

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 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 repair 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</u>	<u>Years</u>	
	<u>Iowa Public Television</u>	<u>Iowa Public Television Foundation</u>
Buildings	31.5	-
Transmitters	10-15	-
Leasehold improvements	5-15	15
Machinery, equipment 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 represents 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, 2004.

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 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, 2004 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 \$595,839 and the bank balance is \$692,244. Deposits of \$230,541 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, 2004. Remaining deposits of \$461,703 are uninsured.

The component unit's investments at June 30, 2004 consist of mutual funds with a fair value of \$6,057,694 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, 2004 is as follows:

Fund	Receivables	Payables
General	\$ 455,925	299,643
Special Revenue:		
Iowa Public Television Foundation	337,754	748,561
Friends Contribution Account	325,839	71,324
Total	\$ 1,119,518	1,119,518

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 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, 2004 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Iowa Public Television:				
Capital assets:				
Land, not being depreciated	\$ 450,000	-	-	450,000
Buildings	6,444,641	-	-	6,444,641
Transmitters	16,243,292	1,979,970	(57,681)	18,165,581
Leasehold improvements	60,091	-	-	60,091
Machinery, equipment and vehicles	6,721,673	429,703	(329,148)	6,822,228
Total capital assets	29,919,697	2,409,673	(386,829)	31,942,541
Less accumulated depreciation for:				
Buildings	2,267,758	244,743	-	2,512,501
Transmitters	7,043,462	1,030,888	(321)	8,074,029
Leasehold improvements	29,160	5,763	-	34,923
Machinery, equipment and vehicles	5,361,498	446,157	(329,248)	5,478,407
Total accumulated depreciation	14,701,878	1,727,551	(329,569)	16,099,860
Total capital assets, net	\$ 15,217,819	682,122	(57,260)	15,842,681
Iowa Public Television Foundation:				
Capital assets:				
Leasehold improvements	\$ 46,237	-	-	46,237
Machinery, equipment and vehicles	389,616	-	-	389,616
Total capital assets	435,853	-	-	435,853
Less accumulated depreciation:				
Leasehold improvements	21,003	2,763	-	23,766
Machinery, equipment and vehicles	324,462	19,402	-	343,864
Total accumulated depreciation	345,465	22,165	-	367,630
Total capital assets, net	\$ 90,388	(22,165)	-	68,223

Depreciation expense was charged to the following functions:

	Iowa Public Television	Iowa Public Television Foundation	Total
Governmental activities:			
Administration	\$ 239,364	22,165	261,529
Engineering and technical support	523,311	-	523,311
Educational telecommunications	38,226	-	38,226
Programming and production	95,617	-	95,617
Digital television	831,033	-	831,033
Total depreciation expense	<u>\$ 1,727,551</u>	<u>22,165</u>	<u>1,749,716</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, 2004, 2003 and 2002 were \$358,065, \$327,705 and \$343,664, 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 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, 2004:

Year Ending June 30,	Minimum Rental Payments
2005	\$ 397,885
2006	393,168
2007	367,304
2008	143,411
2009	99,296
2010-2014	<u>183,057</u>
Total	<u>\$ 1,584,121</u>

Rental expense for the year ended June 30, 2004 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$392,543.

(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 \$631,419

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, 2004:

Year Ending June 30,	Minimum Future Rentals
2005	\$ 151,472
2006	146,412
2007	116,499
2008	110,791
2009	92,092
2010-2013	<u>178,200</u>
Total	<u>\$ 795,466</u>

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Fund	Transfers In	Transfers Out
General	\$ 4,874,506	613,963
Special Revenue:		
Iowa Public Television Foundation	-	3,798,580
Friends Contribution Account	3,414,761	3,688,909
Permanent	-	187,815
Total	<u>\$ 8,289,267</u>	<u>8,289,267</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).

Iowa Public Television

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, 2004

	General Fund Actual	Less Funds not Required to be Budgeted
Revenues:		
State appropriations	\$ 18,047,609	-
Federal assistance	2,650,140	2,650,140
Receipts from other entities	47,461	47,461
Fees and licenses	124,108	124,108
Gifts and grants	2,859,753	2,859,753
In-kind and indirect support	631,419	631,419
Other	-	-
Charges for service	1,051,986	756,992
Interest on investments	61,126	61,067
Total revenues	<u>25,473,602</u>	<u>7,130,940</u>
Expenditures:		
Administration	1,049,041	631,419
Engineering and technical support	5,249,612	-
Educational telecommunications	3,323,395	2,499,509
Programming and production	8,386,705	7,049,272
Communications	152,183	-
Digital television	2,358,397	734,646
Total expenditures	<u>20,519,333</u>	<u>10,914,846</u>
Excess (deficiency) of revenues over (under) expenditures	4,954,269	(3,783,906)
Other financing sources, net	<u>4,260,543</u>	<u>4,080,049</u>
Excess of revenues and other financing sources over expenditures and other financing uses	9,214,812	296,143
Balance beginning of year	<u>4,405,312</u>	<u>2,746,552</u>
Balance end of year	<u>\$ 13,620,124</u>	<u>3,042,695</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
18,047,609	18,230,211	18,047,609	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	5,210	2,710	(2,710)
294,994	277,500	280,000	14,994
59	100	100	(41)
<u>18,342,662</u>	<u>18,513,021</u>	<u>18,330,419</u>	<u>12,243</u>
417,622	1,037,216	1,011,802	594,180
5,249,612	5,253,658	5,136,698	(112,914)
823,886	1,242,281	1,212,116	388,230
1,337,433	1,326,985	1,304,657	(32,776)
152,183	161,079	157,140	4,957
1,623,751	7,996,486	7,996,486	6,372,735
<u>9,604,487</u>	<u>17,017,705</u>	<u>16,818,899</u>	<u>7,214,412</u>
8,738,175	1,495,316	1,511,520	7,226,655
<u>180,494</u>	<u>508,298</u>	<u>492,094</u>	<u>(311,600)</u>
8,918,669	2,003,614	2,003,614	6,915,055
<u>1,658,760</u>	-	-	<u>1,658,760</u>
<u>10,577,429</u>	<u>2,003,614</u>	<u>2,003,614</u>	<u>8,573,815</u>

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

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 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, 2004

	State Appropriations #001	CPB Community Service Grant 2001-2003 #004	CPB Community Service Grant 2000-2002 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069	IPTV Miscel- laneous #085
Assets						
Cash	\$ 2,406	1,897,224	583,128	351,419	139,749	598,008
Unexpended appropriation	291,000	-	-	-	-	-
Accounts receivable, net of allowance	7,554	-	-	-	3,950	75
Due from:						
Other funds	184,363	-	-	5,209	-	138,480
Other state agencies	4,863	9,451	3,742	-	851	2,907
Federal government	-	-	-	522,788	-	-
Restricted assets-cash	38,818	-	-	-	-	-
Prepaid expenditures	28,975	-	705	-	150	-
Total assets	\$ 557,979	1,906,675	587,575	879,416	144,700	739,470
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ 404,905	-	82,230	520,874	16,425	20,209
Due to:						
Other funds	2,919	14,569	9,678	-	-	182,444
Other state agencies	109,731	-	80	5,209	1	1,910
Deferred revenue	3,700	1,912,183	482,197	-	16,775	-
Total liabilities	<u>521,255</u>	<u>1,926,752</u>	<u>574,185</u>	<u>526,083</u>	<u>33,201</u>	<u>204,563</u>
Fund equity:						
Fund balance:						
Reserved for:						
Prepaid expenditures	28,975	-	705	-	150	-
Subsequent years'						
expenditures	38,818	-	-	-	-	-
Specific purposes	-	-	-	-	-	-
Unreserved	(31,069)	(20,077)	12,685	353,333	111,349	534,907
Total fund equity	<u>36,724</u>	<u>(20,077)</u>	<u>13,390</u>	<u>353,333</u>	<u>111,499</u>	<u>534,907</u>
Total liabilities and fund equity	\$ 557,979	1,906,675	587,575	879,416	144,700	739,470

See accompanying independent auditor's report.

Digital TV Conversion #198/217	Iowa Distance Education Alliance #264	Restricted Donations Programming #302	Friends Funded Programming #303	Education Telecommunications Projects #304	Marketing and Distribution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Total
-	33,481	909	659,228	456,448	130,691	751,479	114,177	5,718,347
10,085,048	-	-	-	-	-	-	-	10,376,048
-	-	-	5,958	818	12,005	12,112	5,503	47,975
-	-	-	102,157	20,216	500	5,000	-	455,925
-	-	-	3,526	33,663	581	5,500	498	65,582
-	303,543	-	-	8,250	-	-	-	834,581
16,165	-	-	-	-	-	-	-	54,983
576,875	-	-	24,496	-	-	-	-	631,201
10,678,088	337,024	909	795,365	519,395	143,777	774,091	120,178	18,184,642
131,700	287,319	-	75,981	80,409	14,312	80,929	-	1,715,293
5,209	48,462	-	15,434	5,598	-	15,330	-	299,643
474	1,241	-	111	9,403	1	630	-	128,791
-	-	-	-	5,470	156	85	225	2,420,791
137,383	337,022	-	91,526	100,880	14,469	96,974	225	4,564,518
576,875	-	-	24,496	-	-	-	-	631,201
16,165	-	-	-	-	-	-	-	54,983
9,947,665	-	-	-	-	-	-	-	9,947,665
-	2	909	679,343	418,515	129,308	677,117	119,953	2,986,275
10,540,705	2	909	703,839	418,515	129,308	677,117	119,953	13,620,124
10,678,088	337,024	909	795,365	519,395	143,777	774,091	120,178	18,184,642

Iowa Public Television

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund Accounts

Year ended June 30, 2004

	State Appropriations #001	CPB Community Service Grant 2001-2003 #004	CPB Community Service Grant 2000-2002 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069	IPTV Miscel- laneous #085
Revenues:						
State appropriations	\$ 8,047,609	-	-	-	-	-
Federal assistance	-	-	-	734,645	-	-
Receipts from other entities	-	-	-	-	-	47,461
Fees and licenses	-	-	-	-	61,276	-
Gifts and grants	-	454,001	1,397,717	333,334	-	50,439
In-kind and indirect support	86,767	-	-	-	-	-
Charges for service	294,994	-	-	-	-	18,017
Interest on investments	-	3,877	21,724	-	3,072	5,360
Total revenues	8,429,370	457,878	1,419,441	1,067,979	64,348	121,277
Expenditures:						
Administration	1,049,041	-	-	-	-	-
Engineering and technical support	5,249,612	-	-	-	-	-
Educational telecommunications	823,886	-	-	-	-	-
Programming and production Communications	1,337,433	408,519	1,394,861	-	306,275	344,796
Digital television	152,183	-	-	-	-	-
	-	-	-	734,646	-	-
Total expenditures	8,612,155	408,519	1,394,861	734,646	306,275	344,796
Excess (deficiency) of revenues over (under) expenditures	(182,785)	49,359	24,580	333,333	(241,927)	(223,519)
Other financing sources (uses):						
Operating transfers in	180,494	-	-	15,000	131,500	309,886
Operating transfers out	-	(59,872)	(25,890)	-	-	(196,194)
Total other financing sources (uses)	180,494	(59,872)	(25,890)	15,000	131,500	113,692
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,291)	(10,513)	(1,310)	348,333	(110,427)	(109,827)
Fund balance beginning of year	39,015	(9,564)	14,700	5,000	221,926	644,734
Fund balance end of year	\$ 36,724	(20,077)	13,390	353,333	111,499	534,907

See accompanying independent auditor's report.

Digital TV Conversion #198/217	Iowa Distance Education Alliance #264	Special Projects #302	Friends Funded Programming #303	Education Telecommunications Projects #304	Marketing and Distribution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Total
10,000,000	-	-	-	-	-	-	-	18,047,609
-	1,819,370	-	-	96,125	-	-	-	2,650,140
-	-	-	-	-	-	-	-	47,461
-	-	-	800	-	62,032	-	-	124,108
-	-	-	20,935	316,092	-	287,235	-	2,859,753
544,652	-	-	-	-	-	-	-	631,419
-	-	-	5,000	274,587	73,864	351,163	34,361	1,051,986
59	-	61	10,802	5,912	347	9,391	521	61,126
10,544,711	1,819,370	61	37,537	692,716	136,243	647,789	34,882	25,473,602
-	-	-	-	-	-	-	-	1,049,041
-	-	-	-	-	-	-	-	5,249,612
-	1,795,365	-	-	704,144	-	-	-	3,323,395
-	-	16,457	3,651,216	-	47,053	879,646	449	8,386,705
-	-	-	-	-	-	-	-	152,183
1,623,751	-	-	-	-	-	-	-	2,358,397
1,623,751	1,795,365	16,457	3,651,216	704,144	47,053	879,646	449	20,519,333
8,920,960	24,005	(16,396)	(3,613,679)	(11,428)	89,190	(231,857)	34,433	4,954,269
-	-	699	3,945,183	45,150	-	205,164	41,430	4,874,506
-	(24,005)	-	(167,479)	(21,579)	-	(118,944)	-	(613,963)
-	(24,005)	699	3,777,704	23,571	-	86,220	41,430	4,260,543
8,920,960	-	(15,697)	164,025	12,143	89,190	(145,637)	75,863	9,214,812
1,619,745	2	16,606	539,814	406,372	40,118	822,754	44,090	4,405,312
10,540,705	2	909	703,839	418,515	129,308	677,117	119,953	13,620,124

Schedule 3

Iowa Public Television

Expenditures by Object
General Fund

Year ended June 30, 2004

Personal services	\$ 8,083,841
Travel	177,156
Supplies and materials	2,334,470
Contractual services	7,415,097
Equipment and repair	2,493,023
Claims and miscellaneous	7,247
Plant improvements	<u>8,499</u>
Total	<u>\$ 20,519,333</u>

See accompanying independent auditor's report.

Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
Assets				
Cash	\$ -	15,657	15,657	-
Accounts Receivable	203	-	203	-
Due from other funds	1	-	1	-
Total assets	<u>\$ 204</u>	<u>15,657</u>	<u>15,861</u>	<u>-</u>
Liabilities				
Due to other state agencies	<u>\$ 204</u>	<u>15,657</u>	<u>15,861</u>	<u>-</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

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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, 2004, and have issued our report thereon dated November 9, 2004. 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

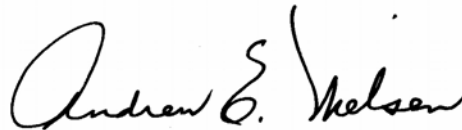
November 9, 2004

Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Sheila M. Jensen, Staff Auditor
Stephanie A. Bernard, Assistant Auditor
Corinne M. Johnson, 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
Statistical Information
Members and Contributors
Year ended June 30, 2004

The number of individuals making contributions to Iowa Public Television Foundation during the year ended June 30, 2004 was as follows:

Contributors	10,376
Active members	57,313
Leadership Circle members	<u>687</u>
Total	<u><u>68,376</u></u>