



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

November 28, 2007

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, 2007. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$19,656,936 for the year, a 16% decrease from the prior year. Revenues included state appropriations of \$14,455,127, gifts and grants of \$2,568,384, federal assistance of \$889,614 and charges for service of \$558,380. The Iowa Public Television Foundation received \$6,919,909 from Foundation memberships and corporate support of \$1,567,949.

Expenditures to operate the educational television network for the year ended June 30, 2007 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 1,185,966	576,171	1,762,137
Engineering and technical support	6,338,665	-	6,338,665
Educational telecommunications	1,595,845	-	1,595,845
Programming and production	9,207,299	2,635,090	11,842,389
Communications	263,682	-	263,682
Digital television	6,451,522	-	6,451,522
Total	<u>\$ 25,042,979</u>	<u>3,211,261</u>	<u>28,254,240</u>

General Fund expenditures increased 9.9% over the prior year.

A copy of the audit report is available for review in Iowa Public Television's administrative office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2007**

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Iowa Public Television

**Officials**

Name

Title

**State**

Honorable Chester J. Culver  
Charles J. Krogmeier  
Dennis C. Prouty

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Board**

Robert W. Hall  
Susan McDermott  
Betty Jean Furgerson  
Michele Guinn  
John V. Hartung  
Mary Jean Montgomery  
Michael C. Morrison  
Grant L. Price  
Brent Siegrist

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, 2007, 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 80.7% and 99.4%, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

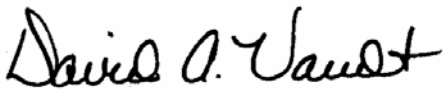
As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2007, 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 respective financial position of the governmental activities and each major fund of Iowa Public Television at June 30, 2007, 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 16, 2007 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing 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 certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa Public Television's basic financial statements. Other 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 16, 2007



# 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, 2007. 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. Over 1,000,000 viewers watch IPTV each week. Contributing membership to the IPTV Foundation consists of approximately 64,000 households.

Iowa Public Television operates nine analog transmitters, eight high-power digital transmitters, and eight translators. The FCC mandated 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 \$46,515,000 of the \$46,916,000 estimated to complete the digital television conversion. The remaining high-power digital transmitter is estimated to be completed by the spring of 2008. Six translators will also be replaced during the next two years.

## **FINANCIAL HIGHLIGHTS**

- In fiscal year 2007, total revenues decreased by \$4.5 million. The decrease was due to a decrease in the state capital appropriations.
- Program expenses for Iowa Public Television increased by \$1,551,914.
- There was an increase in capital assets 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 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 off 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 \$59.5 million at the end of fiscal year 2007 as compared to \$55.1 million at the end of fiscal year 2006.

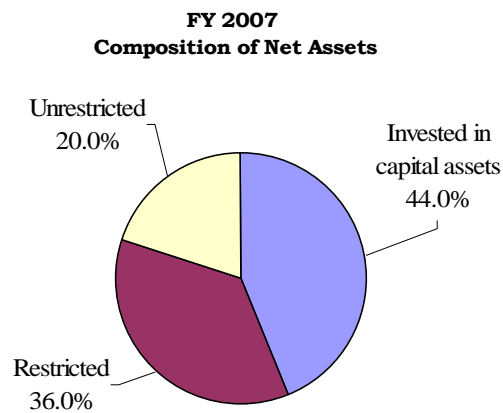
Net assets invested in capital assets represent the largest portion of net assets, and includes land, buildings, equipment, vehicles, and television transmitters less any related depreciation. IPTV uses these capital assets to provide services to its viewers and others. Consequently, these assets are 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 is available to be used to meet IPTV's ongoing obligations to vendors.

**Net Assets of Governmental Activities**

Assets	June 30, 2006	June 30, 2007
Current and other assets	\$ 38,801,859	38,008,123
Capital assets	22,348,600	26,426,144
Total Assets	61,150,459	64,434,267
Liabilities		
Current liabilities	5,690,140	4,658,535
Noncurrent liabilities	326,500	290,533
Total Liabilities	6,016,640	4,949,068
Net Assets		
Invested in capital assets	22,348,600	26,426,144
Restricted	23,079,062	21,457,763
Unrestricted	9,706,157	11,601,292
Total Net Assets	\$ 55,133,819	59,485,199



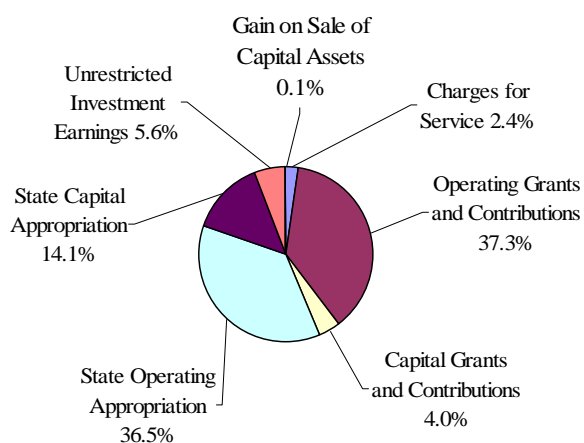
The net assets of Iowa Public Television increased \$4.4 million during fiscal year 2007. FY 2007 revenues were \$4.5 million less than in FY 2006. The state capital appropriation decreased. Operating grants and contributions of \$10.7 million represented 37% of total revenues during the year. Many of 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 2007, IPTV received a state operating appropriation of \$10.4 million, of which \$1.2 million was passed directly to regional telecommunications councils across the state. The state operating appropriation of \$10.4 million represented 37% of total revenues.

FY 2007 expenses were \$1.6 million higher than in FY 2006. Programming and production expenses of \$11.9 million represented 49% of total expenses during the fiscal year. The majority of the expenses from the IPTV Foundation are included in programming and production expenses.

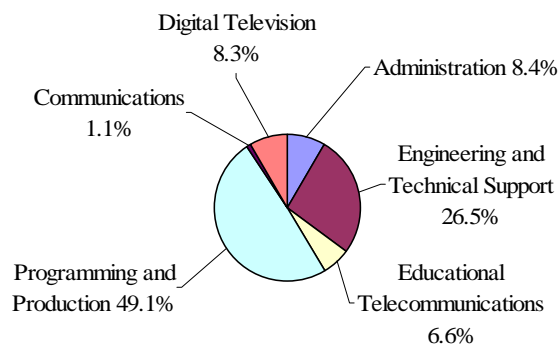
**Changes in Net Assets of Governmental Activities**

	Year Ended June 30, 2006	Year Ended June 30, 2007
Revenues:		
Program Revenues:		
Charges for Service	\$ 543,887	675,327
Operating Grants and Contributions	12,148,146	10,660,384
Capital Grants and Contributions	670,848	1,145,047
General Revenues:		
State Operating Appropriation	8,836,591	10,415,127
State Capital Appropriation	10,000,000	4,040,000
Unrestricted Investment Earnings	844,963	1,591,140
Gain on Sale of Capital Assets	-	30,960
<b>Total Revenues</b>	<b>33,044,435</b>	<b>28,557,985</b>
Program Expenses:		
Administration	1,851,321	2,030,395
Engineering and Technical Support	5,773,018	6,419,687
Educational Telecommunications	1,787,134	1,603,027
Programming and Production	11,191,308	11,887,942
Communications	266,959	263,884
Digital Television	1,784,951	2,001,670
<b>Total Expenses</b>	<b>22,654,691</b>	<b>24,206,605</b>
 Increase in Net Assets	 10,389,744	 4,351,380
Net Assets beginning of year	44,744,075	55,133,819
Net Assets end of year	<b>\$ 55,133,819</b>	<b>59,485,199</b>

**FY 2007 Revenue by Source**



**FY 2007 Expenses by Program**



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.

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

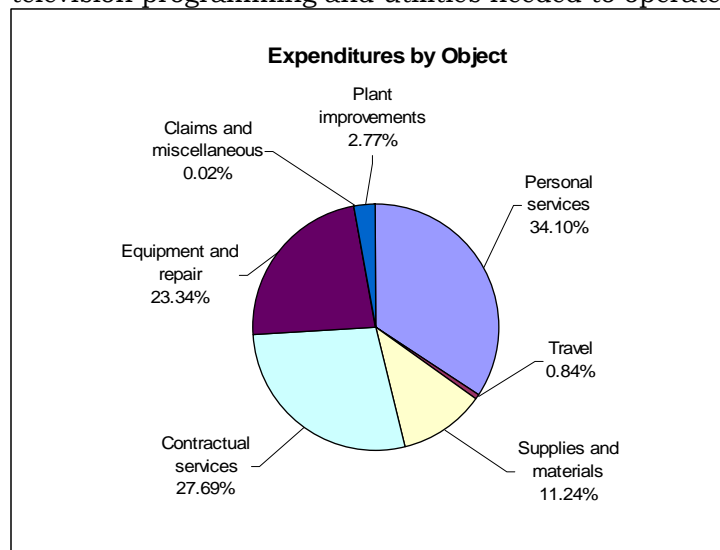
## **FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2007, Iowa Public Television reported a combined General Fund balance of \$22.6 million, which is \$100,000 less than the previous year's total of \$22.7 million. IPTV's General Fund expenditures exceeded General Fund revenues by \$5.4 million, and approximately \$5.3 million in net transfers were received from the Special Revenue Fund.

IPTV's total state appropriations of \$14.5 million represented 74% of total General Fund revenues of \$19.7 million. Gifts and grants of \$2.6 million represented 13% of total General Fund revenues, while Federal assistance of \$889,614 represented 5% of total general fund revenues.

Personal services of \$8.5 million represented 34% of General Fund expenditures. Contractual services of \$6.9 million represented 28% of total General Fund expenses of \$25 million (see Schedule 3). Contractual services remain a significant expense item, a portion of which relates to the pass-through of State support to other government entities such as local school districts and other educational entities. Other significant expenses 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, 2007, IPTV reported a combined Special Revenue Fund balance of \$9.1 million. The Special Revenue Fund balance increased by \$1.3 million over the fiscal year ended June 30, 2006. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by \$6.2 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of \$9.4 million was comprised mainly of \$6.9 million in membership revenue and \$1.6 million in gifts and grants.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, Iowa Public Television amended its budget three times. In September 2006, an amendment was made to recognize the routine maintenance funding received from the Department of Administrative Services of \$18,668. In November 2006, a second amendment was made to recognize receipts of \$10,000 resulting from a contract with a not-for-profit partner. The third amendment was made in May 2007 to recognize a supplemental appropriation of \$1,000,000 received for the purchase of a mobile television production unit and related digital equipment.

IPTV's receipts were \$472,886 more than budgeted receipts, a variance of 3%. IPTV received more in charges for services and receipts from other entities than budgeted. Also, IPTV had in-kind and indirect support that was not budgeted.

Total disbursements were \$18,844,770 less than budgeted. Actual disbursements for the digital television function were \$17,979,525 less than budgeted. Total expenses for digital television were budgeted at the amount of funds available to be spent. However, the funds are used over a period of time as towers and equipment are constructed or installed. Funds were carried forward to the next fiscal year for continued digital television conversion expenses.

IPTV exceeded the budgeted amount in the administration and the engineering and technical support functions for the year ended June 30, 2007, primarily due to in-kind and indirect support that was not budgeted. All other IPTV functional areas came in under budget.

## **CAPITAL ASSETS**

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2007 was \$47.6 million, net of accumulated depreciation of \$21.2 million, leaving a net book value of \$26.4 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 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 \$4 million, with the majority used for the digital conversion. Depreciation charges for the year totaled \$2.2 million.

Iowa Public Television's fiscal year 2007 capital budget included \$17 million for capital projects, principally for the completion of high power transmitters KTIN-DT Fort Dodge and KYIN-DT Mason City and translator K28JD Fort Madison. Funds will be carried forward to fiscal year 2008 to complete the remaining high-power digital channels, six remaining translators, Johnston headquarters, a mobile unit and replacement transmitters. Funds to pay for the continued conversion to digital will come from appropriations 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 April 6, 2007 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2008.

The state appropriations for Iowa Public Television were increased for fiscal year 2008 from fiscal year 2007. Iowa Public Television's net asset balance is expected to increase slightly at the close of fiscal year 2008 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, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash	\$ 7,937,187
Investments	205,180
Unexpended appropriation	20,177,296
Accounts receivable	73,546
Pledges receivable, net of allowance for uncollectible accounts of \$235,500	1,198,432
Due from:	
Other state agencies	199,357
Federal government	34,510
Restricted assets-cash	54,797
Prepaid expenses	357,562
Total current assets	<u>30,237,867</u>
Noncurrent assets:	
Investments	7,770,256
Capital assets, net	26,426,144
Total noncurrent assets	<u>34,196,400</u>
<b>Total assets</b>	<u>64,434,267</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,302,732
Due to other state agencies	128,432
Deferred revenue	2,514,480
Compensated absences	708,363
Termination benefits	4,528
Total current liabilities	<u>4,658,535</u>
Noncurrent liabilities:	
Compensated absences	277,520
Termination benefits	13,013
Total noncurrent liabilities	<u>290,533</u>
<b>Total liabilities</b>	<u>4,949,068</u>
<b>Net Assets</b>	
Invested in capital assets	26,426,144
Restricted for:	
Future state vehicle dispatch purchases	54,797
Acquisition or production of programming	3,165,832
Installation of digital television	18,237,134
Unrestricted	11,601,292
<b>Total net assets</b>	<u>\$ 59,485,199</u>

See notes to financial statements.

Iowa Public Television

Statement of Activities

Year ended June 30, 2007

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Administration	\$ 2,030,395	13,335	124,837	-	(1,892,223)
Engineering and technical support	6,419,687	153,100	167,640	-	(6,098,947)
Educational telecommunications	1,603,027	205,216	350,307	-	(1,047,504)
Programming and production	11,887,942	298,676	10,017,600	-	(1,571,666)
Communications	263,884	5,000	-	-	(258,884)
Digital television	2,001,670	-	-	1,145,047	(856,623)
<b>Total</b>	<b>\$ 24,206,605</b>	<b>675,327</b>	<b>10,660,384</b>	<b>1,145,047</b>	<b>(11,725,847)</b>
<b>General revenues:</b>					
State appropriation					14,455,127
Unrestricted investment earnings					1,591,140
Gain on sale of capital assets					30,960
<b>Total general revenues</b>					<b>16,077,227</b>
Change in net assets					4,351,380
Net assets beginning of year					55,133,819
Net assets end of year					<b>\$ 59,485,199</b>

See notes to financial statements.

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Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2007

	<u>General</u>
<b>Assets</b>	
Assets:	
Cash	\$ 5,247,508
Investments	-
Unexpended appropriation	20,177,296
Accounts receivable	73,419
Pledges receivable, net of allowance for uncollectible accounts of \$235,500	-
Due from:	
Other funds	923,179
Other state agencies	182,131
Federal government	34,510
Restricted assets-cash	54,797
Prepaid expenditures	348,251
<b>Total assets</b>	<b><u>\$27,041,091</u></b>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ 1,050,141
Due to:	
Other funds	782,004
Other state agencies	127,660
Deferred revenue	2,524,576
Total liabilities	<u>4,484,381</u>
Fund balances:	
Reserved for:	
Prepaid expenditures	348,251
Subsequent years' expenditures	54,797
Specific purposes	18,237,134
Unreserved	3,916,528
Total fund balances	<u>22,556,710</u>
<b>Total liabilities and fund balances</b>	<b><u>\$27,041,091</u></b>

See notes to financial statements.

Special Revenue			
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment	Total
963,856	1,725,823	-	7,937,187
6,427,451	-	1,547,985	7,975,436
-	-	-	20,177,296
-	127	-	73,546
1,198,432	-	-	1,198,432
710,604	485,667	-	2,119,450
-	17,226	-	199,357
-	-	-	34,510
-	-	-	54,797
9,311	-	-	357,562
9,309,654	2,228,843	1,547,985	40,127,573
252,591	-	-	1,302,732
1,320,220	17,226	-	2,119,450
-	772	-	128,432
837,230	-	-	3,361,806
2,410,041	17,998	-	6,912,420
9,311	-	-	357,562
-	-	-	54,797
1,617,847	-	1,547,985	21,402,966
5,272,455	2,210,845	-	11,399,828
6,899,613	2,210,845	1,547,985	33,215,153
9,309,654	2,228,843	1,547,985	40,127,573

**Exhibit D**

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## Iowa Public Television

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

June 30, 2007

**Total governmental fund balances (page 19)** \$ 33,215,153

***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, as follows:

Iowa Public Television	\$ 26,405,119	
Iowa Public Television Foundation	21,025	26,426,144

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

Iowa Public Television Foundation deferred revenue	837,230	
Iowa Public Television deferred revenue	10,096	847,326

Long term liabilities, including compensated absences and termination benefits, are not due and payable in the current period, and, therefore, are not reported in the funds.

Current compensated absences and termination benefits	(712,891)	
Non-current compensated absences and termination benefits	(290,533)	(1,003,424)

**Net assets of governmental activities (page 16)** \$ 59,485,199

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, 2007

	<u>General</u>
Revenues:	
State appropriation	\$ 14,455,127
Federal assistance	889,614
Receipts from other entities	366,309
Fees and licenses	196,541
Gifts and grants	2,568,384
In-kind and indirect support	326,506
Memberships	-
Charges for service	558,380
Interest on investments	296,075
Total revenues	<u>19,656,936</u>
Expenditures:	
Administration	1,185,966
Engineering and technical support	6,338,665
Educational telecommunications	1,595,845
Programming and production	9,207,299
Communications	263,682
Digital television	6,451,522
Total expenditures	<u>25,042,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,386,043)</u>
Other financing sources (uses):	
Operating transfers in	8,264,012
Operating transfers out	(2,994,122)
Total other financing sources (uses)	<u>5,269,890</u>
Net change in fund balances	(116,153)
Fund balances beginning of year	<u>22,672,863</u>
Fund balances end of year	<u>\$ 22,556,710</u>

See notes to financial statements.



Special Revenue			
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment	Total
-	-	-	14,455,127
-	-	-	889,614
-	-	-	366,309
-	-	-	196,541
1,567,949	-	100,000	4,236,333
-	-	-	326,506
6,919,909	-	-	6,919,909
-	-	-	558,380
879,211	56,599	359,255	1,591,140
9,367,069	56,599	459,255	29,539,859
576,171	-	-	1,762,137
-	-	-	6,338,665
-	-	-	1,595,845
2,576,517	58,573	-	11,842,389
-	-	-	263,682
-	-	-	6,451,522
3,152,688	58,573	-	28,254,240
6,214,381	(1,974)	459,255	1,285,619
-	3,771,812	-	12,035,824
(5,025,224)	(3,657,223)	(359,255)	(12,035,824)
(5,025,224)	114,589	(359,255)	-
1,189,157	112,615	100,000	1,285,619
5,710,456	2,098,230	1,447,985	31,929,534
6,899,613	2,210,845	1,547,985	33,215,153

**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, 2007

**Net change in fund balances - Total governmental funds (page 23)** \$ 1,285,619**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.

847,326

Governmental funds report revenue in the current period for amounts deferred in prior years because they were not considered available at that time.

(1,845,141)

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

\$ 6,298,371

Depreciation expense

(2,167,387)

## Iowa Public Television Foundation:

Depreciation expense

(10,870)

4,120,114

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 sale.

(42,570)

Only expenses which require current financial resources are reported in governmental funds, whereas the Statement of Activities reports expenses for compensated absences and termination benefits not requiring the use of current financial resources.

(13,968)**Change in net assets of governmental activities (page 17)**\$ 4,351,380

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund

June 30, 2007

**Assets**

Accounts receivable	<u>\$ 215</u>
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**Liabilities**

Due to other state agencies	<u>\$ 215</u>
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See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2007

**(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 50, Des Moines	K14AF-TV Channel 14, Decorah
KIIN-TV Channel 45, Iowa City	K25AA-TV Channel 25, Rock Rapids
KTIN-TV Channel 25, Fort Dodge	K18GU-TV Channel 18, Ottumwa
KYIN-TV Channel 18, Mason City	K33AB-TV Channel 33, Sibley
KSIN-TV Channel 28, Sioux City	K28JD-TV Channel 28, Fort Madison
KBIN-TV Channel 33, Council Bluffs	K41AD-TV Channel 41, Lansing
KRIN-TV Channel 35, Waterloo	K44AB-TV Channel 44, Keokuk
KHIN-TV Channel 35, 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 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 Iowa Public Television, 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 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 are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. 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 Special Revenue, Friends Contribution Account 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 and 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 after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

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 financial statements:

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, 2007.

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. If the agency has unobligated balances of operational appropriations at the end of the fiscal year, up to fifty percent may be encumbered by the agency and used during the succeeding fiscal year for employee training, technology enhancement and purchase of goods and services from Iowa Prison Industries. The remaining balance shall be deposited in the cash reserve fund created in Section 8.56 of the Code of Iowa.

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, 2007 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 \$701,203 and the bank balance is \$1,049,416. Deposits of \$178,355 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, 2007. The remaining deposits of \$871,061 are uninsured.

Investments are held by the component unit in accordance with the component unit's investment policy. The purpose of the investment policy is to outline the asset allocation guidelines, the investment planning horizon, investment return objectives, the selection criteria application to investment managers and consultants and the monitoring and control procedures. At June 30, 2007, the component unit's investments had a fair value of \$7,975,436 and were invested as follows:



Investment Type	Fair Value
Cash	\$ 119,540
U.S. Equities	4,353,627
Mutual Funds:	
Non-U.S. Equity	1,613,150
U.S. Fixed Income	1,803,479
Senior Loan Fund	85,640
	<u>3,502,269</u>
Total	<u>\$ 7,975,436</u>

Concentration of Risk. The component unit's investments consist of mutual funds and U.S. equity securities and, accordingly, disclosure of concentration of credit risk is not applicable.

Credit Risk. With the exception of the U.S. fixed income and the senior loan fund, the component unit's investments consist of U.S. equities and stock mutual funds which are not subject to credit risk. The credit risk ratings of the U.S. fixed income mutual funds and the senior loan fund at June 30, 2007, based on Moody's and Standard & Poor's ratings, were as follows:

	AAA	AA	A	BBB	BB OR Below	Total
U.S. Fixed Income	\$ 1,190,296	198,383	72,139	180,348	162,313	1,803,479

	BBB	BB	B	CCC	D	Unrated	Total
Senior Loan Fund	\$ 257	25,863	38,881	856	86	19,697	85,640

Interest Rate Risk. With the exception of the U.S. fixed income and the senior loan fund, the component unit's investments consist of U.S. equities and stock mutual funds which are not subject to interest rate risk. At June 30, 2007, the effective duration and composition of the U.S. fixed income mutual funds and the maturities of the senior loan fund were as follows:

Investment Type	Fair Value	Effective Duration
U.S. Fixed Income:		
Conventional Treasuries	\$ 53,569	13.3
U.S. Treasury Futures	249,987	-
Government-Related Non U.S. Sovereigns	71,425	7.5
Government-Related Interest-Rate Swaps	124,994	12.9
Mortgages	714,249	3.8
Collateralized Mortgage-Backed Securities	124,994	4.3
Asset-Backed	71,425	-
Investment Grade Corporate	196,418	4.5
U.S. High Yield	124,994	1.4
Emerging Markets	35,712	10.0
Non-U.S. Sovereign	196,418	3.6
Cash Equivalents	196,419	-
Derivatives Offset	(357,125)	-
Total	<u>\$ 1,803,479</u>	<u>4.7</u>

Investment Type	Fair Value	Maturities
Senior Loan Fund	<u>\$ 85,640</u>	18 to 24 months

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

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Fund	Receivables	Payables
General	\$ 923,179	782,004
Special Revenue:		
Iowa Public Television Foundation	710,604	1,320,220
Friends Contribution Account	485,667	17,226
Total	\$ 2,119,450	2,119,450

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 asset activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Iowa Public Television:</b>				
Capital assets:				
Land, not being depreciated	\$ 939,140	-	-	939,140
Buildings	6,459,331	-	-	6,459,331
Transmitters	24,883,883	1,163,245	(455,225)	25,591,903
Leasehold improvements	60,091	-	-	60,091
Machinery, equipment and vehicles	9,206,061	815,791	(240,000)	9,781,852
Construction in progress	-	4,319,335	-	4,319,335
Total capital assets	41,548,506	6,298,371	(695,225)	47,151,652
Less accumulated depreciation for:				
Buildings	2,996,190	230,750	-	3,226,940
Transmitters	10,174,231	1,217,374	(431,543)	10,960,062
Leasehold improvements	41,783	2,468	-	44,251
Machinery, equipment and vehicles	6,019,597	716,795	(221,112)	6,515,280
Total accumulated depreciation	19,231,801	2,167,387	(652,655)	20,746,533
Total capital assets, net	\$ 22,316,705	4,130,984	(42,570)	26,405,119
<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	435,853	-	-	435,853
Less accumulated depreciation:				
Leasehold improvements	29,292	2,763	-	32,055
Machinery, equipment and vehicles	374,666	8,107	-	382,773
Total accumulated depreciation	403,958	10,870	-	414,828
Total capital assets, net	\$ 31,895	(10,870)	-	21,025

Depreciation expense was charged to the following functions:

	Iowa Public Television	Television Foundation	Total
Governmental activities:			
Administration	\$ 240,419	10,870	251,289
Engineering and technical support	249,334	-	249,334
Educational telecommunications	4,265	-	4,265
Programming and production	109,723	-	109,723
Digital television	1,563,646	-	1,563,646
Total depreciation expense	\$ 2,167,387	10,870	2,178,257

**(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 contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$376,750, \$351,556, and \$344,213, 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, 2027 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, 2007:

Year Ending June 30,	Minimum Rental Payments
2008	\$ 495,850
2009	470,723
2010	407,102
2011	385,983
2012	75,025
2013-2017	50,551
2018-2022	52,518
2023-2027	67,027
Total	\$ 2,004,779

Rental expense for the year ended June 30, 2007 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$488,190.

**(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 \$326,506

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, 2007:

<u>Year Ending June 30,</u>	<u>Minimum Future Rentals</u>
2008	\$ 196,819
2009	192,884
2010	190,556
2011	194,386
2012	133,772
2013-2017	475,909
2018	<u>31,484</u>
Total	<u>\$1,415,810</u>

**(9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 8,264,012	2,994,122
Special Revenue:		
Iowa Public Television Foundation	-	5,025,224
Friends Contribution Account	3,771,812	3,657,223
Permanent	-	359,255
Total	<u>\$ 12,035,824</u>	<u>12,035,824</u>

Transfers move gifts and grants from the 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).

**(11) Construction Commitments**

Iowa Public Television has entered into contracts for planned capital improvement projects totaling approximately \$8,544,000 and has spent approximately \$4,319,000 under these contracts as of June 30, 2007. The remaining contractual obligation as of June 30, 2007 for these projects totals approximately \$4,225,000.

**(12) Sick Leave Insurance Program (SLIP)**

Voluntary termination benefit programs have been established through collective bargaining for Executive Branch AFSCME and IUP employees. The programs are also offered to Executive Branch non-contract employees. The programs are an opportunity for employees who are eligible upon a bona fide retirement to use the value of their unused sick leave to pay the employer share of the monthly premium of the State's group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave converted at the employee's current regular hourly rate of pay, up to \$2,000, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick hours the employee had before the cash payment:

<b>If the sick leave balance is:</b>	<b>The conversion rate is:</b>
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's Sick Leave Insurance Program (SLIP). Each month, Iowa Public Television will pay 100% of the employer share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, if the employee waives the benefit, or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir.

If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

All program benefits are financed on a pay-as-you-go basis by Iowa Public Television. Amounts due for this program have been recorded as a liability in the government-wide financial statements when the employee accepts the offer.

For the year ended June 30, 2007, one employee has retired and received benefits totaling \$377 under the Sick Leave Insurance Program (SLIP).

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, 2007

	General Fund Actual	Less Funds not Required to be Budgeted	Net
<b>Revenues:</b>			
State appropriations	\$ 14,455,127	-	14,455,127
Federal assistance	889,614	889,614	-
Receipts from other entities	366,309	40,000	326,309
Fees and licenses	196,541	195,979	562
Gifts and grants	2,568,384	2,563,050	5,334
In-kind and indirect support	326,506	81,669	244,837
Charges for service	558,380	258,155	300,225
Interest on investments	296,075	296,075	-
Total revenues	19,656,936	4,324,542	15,332,394
<b>Expenditures:</b>			
Administration	1,185,966	-	1,185,966
Engineering and technical support	6,338,665	-	6,338,665
Educational telecommunications	1,595,845	350,591	1,245,254
Programming and production	9,207,299	8,036,220	1,171,079
Communications	263,682	-	263,682
Digital television	6,451,522	1,060,047	5,391,475
Total expenditures	25,042,979	9,446,858	15,596,121
Excess (deficiency) of revenues over (under) expenditures	(5,386,043)	(5,122,316)	(263,727)
Other financing sources, net	5,269,890	5,336,755	(66,865)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(116,153)	214,439	(330,592)
Balance beginning of year	22,672,863	2,763,559	19,909,304
Balance end of year	\$ 22,556,710	2,977,998	19,578,712

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
13,455,127	14,455,127	-
-	-	-
-	118,668	207,641
-	500	62
900	400	4,934
-	-	244,837
262,813	284,813	15,412
-	-	-
13,718,840	14,859,508	472,886
1,044,104	1,070,572	(115,394)
6,276,535	6,279,383	(59,282)
1,394,326	1,356,470	111,216
1,103,417	2,095,901	924,822
257,565	267,565	3,883
23,340,000	23,371,000	17,979,525
33,415,947	34,440,891	18,844,770
(19,697,107)	(19,581,383)	19,317,656
397,107	175,383	(242,248)
(19,300,000)	(19,406,000)	19,075,408
19,300,000	19,406,000	503,304
-	-	19,578,712

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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.



**Other Supplementary Information**

Iowa Public Television  
Combining Balance Sheet  
General Fund Accounts

June 30, 2007

	State Appropri- ations # 001	CPB Community Service Grant 2005-2007 # 004	Iowa Infrastructure # 017	CPB Community Service Grant 2006-2008 # 033	Public Telecomm- unications Facilities Program # 059	Market to Market # 069
<b>Assets</b>						
Cash	\$ 2,406	604,152	-	1,880,099	122,537	71,753
Unexpended appropriation	1,584,357	-	14,094,257	-	-	-
Accounts receivable	2,935	-	-	-	-	-
Due from:						
Other funds	30,986	1,370	413,421	6,513	75,000	-
Other state agencies	1,110	15,147	-	29,111	-	1,357
Federal government	-	-	-	-	-	-
Restricted assets-cash	37,734	-	-	-	-	-
Prepaid expenditures	56,831	-	-	-	-	48
<b>Total assets</b>	<b>\$ 1,716,359</b>	<b>620,669</b>	<b>14,507,678</b>	<b>1,915,723</b>	<b>197,537</b>	<b>73,158</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ 446,460	108,984	221,419	6,513	60,695	6,993
Due to:						
Other funds	123,017	31,092	84,318	29,111	34,305	7
Other state agencies	106,742	296	-	-	-	-
Deferred revenue	-	504,999	-	1,861,489	102,537	13,455
<b>Total liabilities</b>	<b>676,219</b>	<b>645,371</b>	<b>305,737</b>	<b>1,897,113</b>	<b>197,537</b>	<b>20,455</b>
Fund equity:						
Fund balance:						
Reserved for:						
Prepaid expenditures	56,831	-	-	-	-	48
Subsequent years'						
expenditures	37,734	-	-	-	-	-
Specific purposes	-	-	14,201,941	-	-	-
Unreserved	945,575	(24,702)	-	18,610	-	52,655
<b>Total fund equity</b>	<b>1,040,140</b>	<b>(24,702)</b>	<b>14,201,941</b>	<b>18,610</b>	<b>-</b>	<b>52,703</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,716,359</b>	<b>620,669</b>	<b>14,507,678</b>	<b>1,915,723</b>	<b>197,537</b>	<b>73,158</b>

See accompanying independent auditor's report.

**Schedule 1**

IPTV Miscel- laneous # 085	Digital TV Conversion # 198/217	Iowa Distance Education Alliance # 264	Restrictec Donations Program- ming # 302	Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distribution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Technology Reinvestment Fund # 943	Total
544,160	-	-	909	903,081	298,901	13,313	716,129	90,068	-	5,247,508
-	463,489	-	-	-	-	-	-	-	4,035,193	20,177,296
64,130	-	-	-	1,600	-	3,425	339	990	-	73,419
111,730	-	-	-	176,764	-	5,736	101,341	319	-	923,179
8,247	-	-	-	20,345	62,429	357	34,681	9,347	-	182,131
-	-	-	-	-	34,510	-	-	-	-	34,510
-	17,063	-	-	-	-	-	-	-	-	54,797
-	289,935	-	-	1,437	-	-	-	-	-	348,251
<b>728,267</b>	<b>770,487</b>	-	<b>909</b>	<b>1,103,227</b>	<b>395,840</b>	<b>22,831</b>	<b>852,490</b>	<b>100,724</b>	<b>4,035,193</b>	<b>27,041,091</b>
4,554	43,337	-	-	67,563	30,862	2,081	47,896	2,785	-	1,050,141
4,909	425,686	-	-	18,093	14,510	4	15,737	1,215	-	782,004
925	26	-	-	168	19,182	-	321	-	-	127,660
-	-	-	-	-	9,420	-	32,139	537	-	2,524,576
<b>10,388</b>	<b>469,049</b>	-	-	<b>85,824</b>	<b>73,974</b>	<b>2,085</b>	<b>96,093</b>	<b>4,537</b>	-	<b>4,484,381</b>
-	289,935	-	-	1,437	-	-	-	-	-	348,251
-	17,063	-	-	-	-	-	-	-	-	54,797
-	-	-	-	-	-	-	-	-	4,035,193	18,237,134
717,879	(5,560)	-	909	1,015,966	321,866	20,746	756,397	96,187	-	3,916,528
<b>717,879</b>	<b>301,438</b>	-	<b>909</b>	<b>1,017,403</b>	<b>321,866</b>	<b>20,746</b>	<b>756,397</b>	<b>96,187</b>	<b>4,035,193</b>	<b>22,556,710</b>
<b>728,267</b>	<b>770,487</b>	-	<b>909</b>	<b>1,103,227</b>	<b>395,840</b>	<b>22,831</b>	<b>852,490</b>	<b>100,724</b>	<b>4,035,193</b>	<b>27,041,091</b>

Iowa Public Television

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

Year ended June 30, 2007

	State Appropriations # 001	CPB Community Service Grant 2005-2007 # 004	Iowa Infrastructure # 017	CPB Community Service Grant 2006-2008 # 033	Public Telecomm- unications Facilities Program # 059	Market to Market # 069
<b>Revenues:</b>						
State appropriations	\$ 10,415,127	-	-	-	-	-
Federal assistance	-	-	-	-	787,980	-
Receipts from other entities	326,309	-	-	-	-	-
Fees and licenses	562	-	-	-	-	79,573
Gifts and grants	-	1,668,883	-	499,100	115,398	-
In-kind and indirect support	84,837	-	-	-	81,669	-
Charges for Service	305,559	-	-	-	-	-
Interest on investments	-	77,893	-	57,759	-	5,073
<b>Total revenues</b>	<b>11,132,394</b>	<b>1,746,776</b>	<b>-</b>	<b>556,859</b>	<b>985,047</b>	<b>84,646</b>
<b>Expenditures:</b>						
Administration	1,185,966	-	-	-	-	-
Engineering and technical support	6,338,665	-	-	-	-	-
Educational telecommunications	1,245,254	-	-	-	-	-
Programming and production	1,171,079	1,668,883	-	460,683	-	208,984
Communications	263,682	-	-	-	-	-
Digital television	-	-	1,968,292	-	1,060,047	-
<b>Total expenditures</b>	<b>10,204,646</b>	<b>1,668,883</b>	<b>1,968,292</b>	<b>460,683</b>	<b>1,060,047</b>	<b>208,984</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>927,748</b>	<b>77,893</b>	<b>(1,968,292)</b>	<b>96,176</b>	<b>(75,000)</b>	<b>(124,338)</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	8,135	-	-	-	75,000	124,000
Operating transfers out	-	(75,422)	(75,000)	(88,865)	-	(22,412)
<b>Total other financing sources (uses)</b>	<b>8,135</b>	<b>(75,422)</b>	<b>(75,000)</b>	<b>(88,865)</b>	<b>75,000</b>	<b>101,588</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>935,883</b>	<b>2,471</b>	<b>(2,043,292)</b>	<b>7,311</b>	<b>-</b>	<b>(22,750)</b>
<b>Fund balance beginning of year</b>	<b>104,257</b>	<b>(27,173)</b>	<b>16,245,233</b>	<b>11,299</b>	<b>-</b>	<b>75,453</b>
<b>Fund balance end of year</b>	<b>\$ 1,040,140</b>	<b>(24,702)</b>	<b>14,201,941</b>	<b>18,610</b>	<b>-</b>	<b>52,703</b>

See accompanying independent auditor's report.

Schedule 2

IPTV Miscel- laneous # 085	Digital TV Conversion # 198/217	Iowa Distance Education Alliance # 264	Special Projects # 302	Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distri- bution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Technology Reinvestment Fund # 943	Total
-	-	-	-	-	-	-	-	-	4,040,000	14,455,127
-	-	4,880	-	-	96,754	-	-	-	-	889,614
-	-	-	-	-	-	-	40,000	-	-	366,309
108,993	-	-	-	-	1,229	6,184	-	-	-	196,541
434	-	-	-	27,855	49,284	-	207,430	-	-	2,568,384
-	160,000	-	-	-	-	-	-	-	-	326,506
1,815	-	-	-	17,600	189,020	5,920	5,082	33,384	-	558,380
26,105	-	-	-	59,679	14,518	2,110	47,463	5,475	-	296,075
137,347	160,000	4,880	-	105,134	350,805	14,214	299,975	38,859	4,040,000	19,656,936
-	-	-	-	-	-	-	-	-	-	1,185,966
-	-	-	-	-	-	-	-	-	-	6,338,665
-	-	4,880	-	-	345,711	-	-	-	-	1,595,845
350,530	-	-	-	3,644,692	-	70,497	1,603,082	28,869	-	9,207,299
-	-	-	-	-	-	-	-	-	-	263,682
-	3,418,376	-	-	-	-	-	-	-	4,807	6,451,522
350,530	3,418,376	4,880	-	3,644,692	345,711	70,497	1,603,082	28,869	4,807	25,042,979
(213,183)	(3,258,376)	-	-	(3,539,558)	5,094	(56,283)	(1,303,107)	9,990	4,035,193	(5,386,043)
318,279	-	-	-	3,884,560	965,472	131	2,887,511	924	-	8,264,012
(4,909)	-	-	-	(234,045)	(962,320)	-	(1,531,149)	-	-	(2,994,122)
313,370	-	-	-	3,650,515	3,152	131	1,356,362	924	-	5,269,890
100,187	(3,258,376)	-	-	110,957	8,246	(56,152)	53,255	10,914	4,035,193	(116,153)
617,692	3,559,814	-	909	906,446	313,620	76,898	703,142	85,273	-	22,672,863
717,879	301,438	-	909	1,017,403	321,866	20,746	756,397	96,187	4,035,193	22,556,710

**Schedule 3**

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Iowa Public Television  
Schedule of Expenditures by Object  
General Fund

Year ended June 30, 2007

Personal services	\$ 8,538,841
Travel	210,582
Supplies and materials	2,815,523
Contractual services	6,934,257
Equipment and repair	5,844,824
Claims and miscellaneous	4,764
Plant improvements	<u>694,188</u>
Total	<u>\$ 25,042,979</u>

See accompanying independent auditor's report.

## Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2007

	Balance			Balance
	July 1,	Additions	Deductions	June 30,
	2006			2007
<b>Assets</b>				
Cash	\$ -	19,083	19,083	-
Accounts receivable	239	215	239	215
Total assets	\$ 239	19,298	19,322	215
<b>Liabilities</b>				
Due to other state agencies	\$ 239	19,298	19,322	215

See accompanying independent auditor's report.

**Iowa Public Television**





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

State Capitol Building  
Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA  
Auditor of State

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

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, 2007, which collectively comprise the basic financial statements listed in the table of contents, and have issued our report thereon dated November 16, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Iowa Public Television Foundation were not audited in accordance with 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa Public Television's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Public Television's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Iowa Public Television's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Iowa Public Television's financial statements that is more than inconsequential will not be prevented or detected by the Iowa Public Television's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Iowa Public Television's internal control.

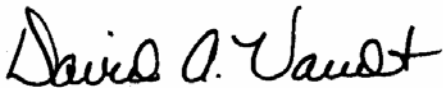
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa Public Television 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 16, 2007

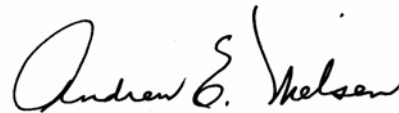
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Iowa Public Television

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Tracy L. Haronik, Staff Auditor  
Michelle L. Harris, Staff Auditor  
Shannan M. Hoffman, Staff Auditor  
Brian P. Schenkelberg, CPA, Staff Auditor  
Jessica N. Meierotto, 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  
(Unaudited)  
Year ended June 30, 2007

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2007 was as follows:

Contributors	7,929
Active members	55,113
Leadership Circle members	<u>846</u>
Total	<u><u>63,888</u></u>

See accompanying independent auditor's report.