



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

December 20, 2013

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515/281-5834

Auditor of State Mary Mosiman today released an audit report on Iowa Public Television for the year ended June 30, 2013. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$11,141,892 for the year, a 12.5% decrease from the prior year. Revenues included a state appropriation of \$7,289,021, gifts and grants of \$2,689,325, charges for service of \$698,892 and federal assistance of \$200,582. The Iowa Public Television Foundation received \$5,463,191 from Foundation memberships and corporate support of \$1,911,224.

Expenditures to operate the educational television network for the year ended June 30, 2013 were as follows:

| | General Fund | Special Revenue Fund | Total |
|--|-----------------|----------------------------|------------|
| Administration | \$ 1,720,362 | - | 1,720,362 |
| Engineering and informational technology | 3,678,014 | - | 3,678,014 |
| Educational services | 955,128 | - | 955,128 |
| Programming, operations and production | 7,038,142 | - | 7,038,142 |
| Communications and community engagement | 1,384,964 | - | 1,384,964 |
| Digital television | 285,077 | - | 285,077 |
| Fundraising services | - | 3,434,816 | 3,434,816 |
| Total | \$ 15,061,687 | 3,434,816 | 18,496,503 |

General Fund expenditures decreased 19.4% from the prior year, primarily due to a building and land purchase in the prior year. In addition, costs associated with the Regional Telecommunication Councils no longer pass through Iowa Public Television due to a change to the Code of Iowa.

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/1460-2850-0000.pdf>.

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IOWA PUBLIC TELEVISION
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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Iowa Public Television

Officials

Name

Title

State

Honorable Terry E. Branstad
David Roederer
Glen P. Dickinson

Governor
Director, Department of Management
Director, Legislative Services Agency

Board

Robert W. Hall
Gary Steinke
Bettie A. Bolar
Charles C. Edwards
Betty Jean Furgerson
Mary Kramer
Brent Siegrist
Rose Vasquez
Bill Withers

President
Vice President
Member
Member
Member
Member
Member
Member
Member

Agency

Molly M. Phillips
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:

Report on the Financial Statements

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, 2013, and the related Notes to Financial Statements, which collectively comprise Iowa Public Television's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Iowa Public Television Foundation, a component unit which represents 100% of the assets and revenues of the Special Revenue Fund and 100% of the assets and revenues of the Permanent Fund. Those financial statements were audited by another auditor 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 auditor.

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 from material misstatement. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Iowa Public Television's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iowa Public Television's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, 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 as of June 30, 2013, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 1, the financial statements of Iowa Public Television 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, 2013, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the financial statements of Iowa Public Television for the year ended June 30, 2012, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 9 through 15 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013 on our consideration of Iowa Public Television's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 in considering Iowa Public Television's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2013

Iowa Public Television

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, 2013. 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 and must include one member from the business community not working in television and telecommunications, one member with experience or knowledge about the television industry, one member from the membership of a fund-raising non-profit organization assisting IPTV and one member from the general public. The remainder of the board consists of one member appointed by each of the following organizations: the state association of private colleges and universities, the superintendents 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 which 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. More than 2,000,000 viewers watch IPTV each month. Contributing membership to the IPTV Foundation consists of approximately 53,000 households.

FINANCIAL HIGHLIGHTS

- In fiscal year 2013, total revenues decreased by \$744,186.
- Program expenses for Iowa Public Television decreased by approximately \$2.9 million for various reasons, some of which included the following:
 - Pass through funds which are sent to the Regional Telecommunications Councils (RTCs) no longer run through Iowa Public Television due to a change in the Code of Iowa,
 - Interconnection costs for transmitters were reduced due to the use of new technology,
 - Presenting station costs were lower and
 - Storage costs were reduced.
- Iowa Public Television's governmental activities have a negative unrestricted fund balance. This is due to unfunded compensated absences and other postemployment benefits.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to IPTV's basic financial statements. Iowa Public Television's basic financial statements consist of a series of financial statements. The Statement of Net Position 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 the Permanent Fund

financial statements. These financial statements show how the Foundation raised and used funds for the purpose of providing membership and fundraising services to Iowa Public Television. These basic financial statements also include the Notes to Financial Statements which explain some of the information in the financial 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 Position and the Statement of Activities (Exhibits A and B):

One of the most important questions asked about IPTV's finances is, "Is IPTV as a whole better off or worse as a result of the year's activities?" The Statement of Net Position 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 Position presents all of IPTV's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in IPTV's net position 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 IPTV's net position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of financial position. Iowa Public Television's combined net position decreased to approximately \$38.8 million at the end of fiscal year 2013 as compared to approximately \$40.6 million at the end of fiscal year 2012.

Net investment in capital assets represents the largest portion of net position and includes land, buildings, equipment, vehicles and television transmitters, less any related depreciation. Iowa Public Television uses these capital assets to provide services to its viewers and others. Consequently, these assets are not available for future spending.

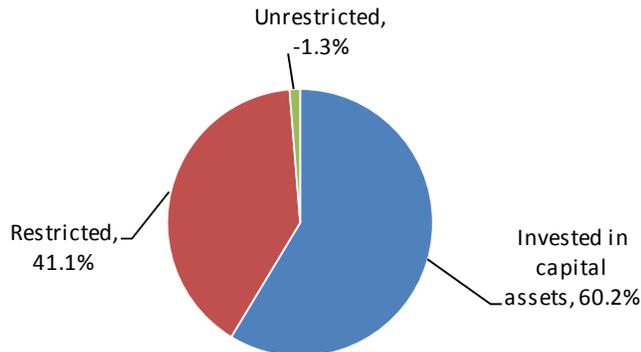
Restricted net position represents the second largest portion of IPTV's net position. Much of the restricted net position will be used for the acquisition or production of programming. This portion also includes endowment assets which are subject to external restrictions on how they may be used. The earnings on these assets will eventually be used for the acquisition of and/or production of television programs.

The remaining portion represents unrestricted net position and is available to be used to meet IPTV's ongoing obligations to vendors. The negative fund balance at the end of fiscal year 2013 is due to compensated absences and other postemployment benefits that are unfunded.

Net Position of Governmental Activities

| Assets | June 30, 2013 | June 30, 2012 |
|----------------------------|---------------|---------------|
| Current and other assets | \$ 21,596,510 | 20,298,876 |
| Capital assets, net | 23,369,625 | 26,939,447 |
| Total Assets | 44,966,135 | 47,238,323 |
| Liabilities | | |
| Current liabilities | 4,262,640 | 4,797,518 |
| Noncurrent liabilities | 1,928,379 | 1,887,082 |
| Total Liabilities | 6,191,019 | 6,684,600 |
| Net Position | | |
| Invested in capital assets | 23,369,625 | 26,939,447 |
| Restricted | 15,926,856 | 14,095,554 |
| Unrestricted | (521,365) | (481,278) |
| Total Net Position | \$ 38,775,116 | 40,553,723 |

**FY 2013
Composition of Net Position**

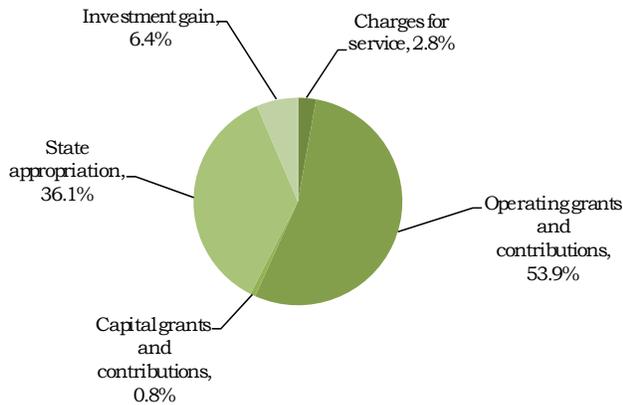


- The net position of IPTV decreased approximately \$1.8 million during fiscal year 2013. Fiscal year 2013 revenues were \$744,186 less than in fiscal year 2012. Operating grants and contributions revenue of approximately \$10.9 million, a decrease from the prior year, represented 53.9% of total revenues 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 2013, IPTV received state appropriations of approximately \$7.3 million, which represented 36.1% of total revenues. Fiscal year 2013 expenses were approximately \$2.9 million lower than in fiscal year 2012. Programming and production expenses of approximately \$6.8 million represented 31.1% of total expenses during the fiscal year. Iowa Public Television Foundation expenses represented 15.7% of total expenses.

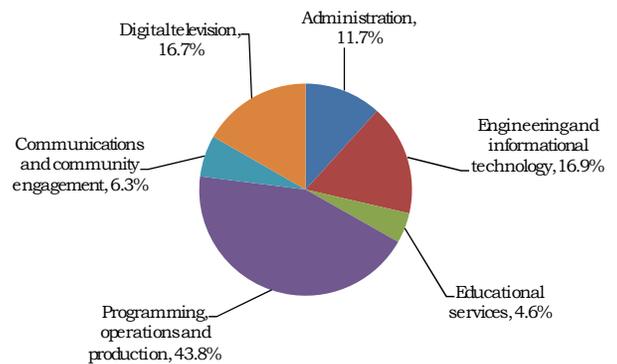
Changes in Net Position of Governmental Activities

| | Year Ended June 30, 2013 | Year Ended June 30, 2012 |
|--|-----------------------------|-----------------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 563,965 | 663,926 |
| Operating grants and contributions | 10,884,973 | 10,945,675 |
| Capital grants and contributions | 164,439 | 29,409 |
| General revenues: | | |
| State appropriation | 7,289,021 | 8,882,484 |
| Investment gain | 1,287,350 | 412,440 |
| Total revenues | <u>20,189,748</u> | <u>20,933,934</u> |
| Program expenses: | | |
| Administration | 1,896,086 | 1,343,821 |
| Engineering and informational technology | 3,722,573 | 5,190,056 |
| Educational services | 1,015,536 | 790,231 |
| Programming, operations and production | 6,840,535 | 9,298,694 |
| Communications and community engagement | 1,374,492 | 942,607 |
| Digital television | 3,674,751 | 3,775,558 |
| Fundraising services | 3,444,382 | 3,530,407 |
| Total expenses | <u>21,968,355</u> | <u>24,871,374</u> |
| Change in net position | (1,778,607) | (3,937,440) |
| Net position beginning of year | 40,553,723 | 44,491,163 |
| Net position end of year | <u>\$ 38,775,116</u> | <u>40,553,723</u> |

FY 2013 Revenues by Source



FY 2013 Expenses by Program



The Notes to Financial Statements provide additional information 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 28.

Required supplementary information includes a comparison of Budget and Actual for the General Fund and can be found beginning on page 42.

Supplementary information begins on page 46 and provides detailed information about the individual funds and accounts and expenditures by object.

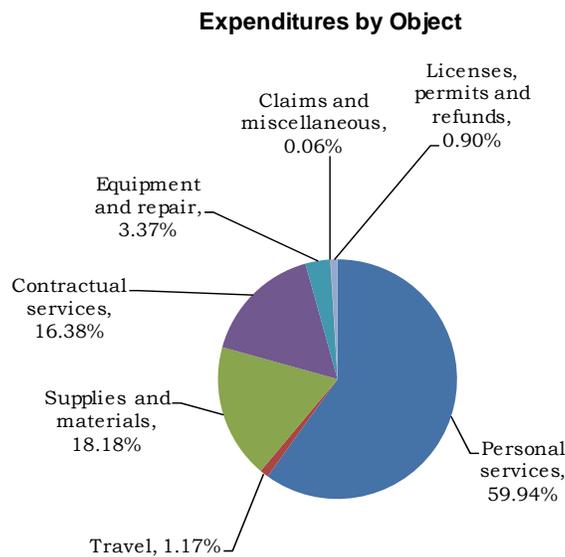
FINANCIAL ANALYSIS OF IPTV’S INDIVIDUAL FUNDS

General Fund (Exhibits C and E):

As of June 30, 2013, IPTV reported a combined General Fund balance of \$6,964,952, which is \$62,916 less than the previous year’s total. IPTV’s General Fund expenditures exceeded General Fund revenues by approximately \$3.9 million, and approximately \$3.9 million in net transfers were received from the Special Revenue Fund and the Permanent Fund.

Iowa Public Television’s total state appropriation of approximately \$7.3 million represents 65.4% of total General Fund revenues of approximately \$11.1 million. Gifts and grants of approximately \$2.7 million represent 24.1% of total General Fund revenues, while Federal assistance of \$200,582 represents 1.8% of total General Fund revenues.

Personal services of approximately \$9 million represent 59.9% of General Fund expenditures. Contractual services of approximately \$2.5 million represents 16.4% of total General Fund expenses of approximately \$15 million (see Schedule 3). Contractual services remain a significant expense item. 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 Iowa Public Television Foundation. As of June 30, 2013, IPTV reported a Special Revenue Fund balance of approximately \$8.4 million. The Special Revenue Fund balance increased by approximately \$1.4 million over the fiscal year ended June 30, 2012. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$4.9 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$8.4 million was comprised mainly of approximately \$5.5 million in membership revenue and approximately \$1.9 million in gifts and grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

Iowa Public Television's receipts were \$88,102 more than budgeted receipts, a variance of 1.1%. Iowa Public Television received more in charges for service than budgeted. Also, IPTV had in-kind and indirect support that was not budgeted.

Total disbursements were \$282,050 less than budgeted. IPTV budgeted \$160,000 for the replacement of inductive output tubes (IOTs), but no IOTs needed to be replaced in fiscal year 2013. These funds will be available for the replacement of IOTs in fiscal year 2014.

Iowa Public Television exceeded the budgeted amount in the administration, programming, operations and production and digital television functions for the year ended June 30, 2013, 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, 2013 was approximately \$60.7 million, net of accumulated depreciation of approximately \$37.3 million, leaving a net book value of approximately \$23.4 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 the transmitter and translator sites across the state, such as towers, buildings, transmitters, antennas, transmission lines and test equipment.

The net decrease in IPTV's investment in capital assets for the current fiscal year was approximately \$3.6 million. Depreciation charges for the year totaled approximately \$3.9 million.

More detailed information about IPTV's capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

State General Fund revenue estimates are generated by the Iowa Revenue Estimating Conference (REC). The REC is comprised of the Governor or his designee, the Director of the Legislative Services Agency and a third person agreed upon by the other two members. At the October 10, 2013 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2014.

The fiscal year 2014 state appropriation for IPTV was increased 6.9%.

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 IPTV's finances and to show IPTV's accountability for the money we receive. If you have questions about the report or need additional financial information, contact Iowa Public Television, P.O. Box 6450, Johnston, IA 50131.

Basic Financial Statements

Iowa Public Television
Statement of Net Position

June 30, 2013
with summarized comparative information for June 30, 2012

| | Governmental Activities | |
|--|----------------------------|-------------------|
| | 2013 | 2012 |
| Assets | | |
| Current assets: | | |
| Cash | \$ 10,770,400 | 10,217,021 |
| Investments | 96,020 | 85,897 |
| Beneficial interest in community trust | 37,079 | 34,510 |
| Unexpended appropriation | 192,770 | 432,899 |
| Accounts receivable | 101,005 | 141,496 |
| Pledges receivable, net of allowance for uncollectible accounts of \$159,600 for 2013 and \$174,600 for 2012 | 903,330 | 861,011 |
| Due from other state agencies | 103,732 | 55,182 |
| Due from federal government | 143,928 | 69,458 |
| Restricted assets - cash | 64,779 | 27,114 |
| Inventory | 35,173 | 32,589 |
| Prepaid expenses | 124,494 | 184,254 |
| Total current assets | <u>12,572,710</u> | <u>12,141,431</u> |
| Noncurrent assets: | | |
| Investments | 8,928,300 | 8,025,945 |
| Pledges receivable | 95,500 | 131,500 |
| Capital assets, net | 23,369,625 | 26,939,447 |
| Total noncurrent assets | <u>32,393,425</u> | <u>35,096,892</u> |
| Total assets | <u>44,966,135</u> | <u>47,238,323</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 875,338 | 974,574 |
| Capital lease purchase agreements | - | 438 |
| Due to other state agencies | 59,271 | 54,702 |
| Deferred revenue | 2,633,693 | 2,916,376 |
| Compensated absences | 694,338 | 851,428 |
| Total current liabilities | <u>4,262,640</u> | <u>4,797,518</u> |
| Noncurrent liabilities: | | |
| Accounts payable | 221,622 | 206,430 |
| Compensated absences | 1,277,713 | 1,257,187 |
| Net OPEB liability | 429,044 | 423,465 |
| Total noncurrent liabilities | <u>1,928,379</u> | <u>1,887,082</u> |
| Total liabilities | <u>6,191,019</u> | <u>6,684,600</u> |
| Net Position | | |
| Net investment in capital assets | 23,369,625 | 26,939,447 |
| Restricted for: | | |
| Nonexpendable - Donor restricted endowment | 1,799,235 | 1,722,985 |
| Expendable: | | |
| Future state vehicle dispatch purchases | 64,779 | 27,114 |
| Acquisition or production of programming | 14,062,842 | 12,345,455 |
| Unrestricted | (521,365) | (481,278) |
| Total net position | <u>\$ 38,775,116</u> | <u>40,553,723</u> |

See notes to financial statements.

Iowa Public Television

Statement of Activities

Year ended June 30, 2013

with summarized comparative information for the year ended June 30, 2012

| Functions | Program Revenues | | | |
|--|----------------------|---------------------------|--|--|
| | Expenses | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| Administration | \$ 1,896,086 | 7,200 | 31,055 | - |
| Engineering and informational technology | 3,722,573 | 318,250 | 19,745 | - |
| Educational services | 1,015,536 | 12,436 | 236,304 | - |
| Programming, operations and production | 6,840,535 | 145,770 | 2,803,405 | - |
| Communications and community engagement | 1,374,492 | 80,309 | 7,600 | - |
| Digital television | 3,674,751 | - | - | 164,439 |
| Fundraising services | 3,444,382 | - | 7,786,864 | - |
| Total | <u>\$ 21,968,355</u> | <u>563,965</u> | <u>10,884,973</u> | <u>164,439</u> |
| General revenues: | | | | |
| State appropriation | | | | |
| Unrestricted investment gain | | | | |
| Total general revenues | | | | |
| Change in net position | | | | |
| Net position beginning of year | | | | |
| Net position end of year | | | | |

See notes to financial statements.

| Net (Expense) Revenue and Change in Net Assets 2013 | Net (Expense) Revenue and Change in Net Assets 2012 |
|---|---|
| (1,857,831) | (1,303,611) |
| (3,384,578) | (4,890,629) |
| (766,796) | (490,147) |
| (3,891,360) | (6,245,682) |
| (1,286,583) | (857,805) |
| (3,510,312) | (3,746,149) |
| 4,342,482 | 4,301,659 |
| <u>(10,354,978)</u> | <u>(13,232,364)</u> |
| 7,289,021 | 8,882,484 |
| 1,287,350 | 412,440 |
| <u>8,576,371</u> | <u>9,294,924</u> |
| (1,778,607) | (3,937,440) |
| 40,553,723 | 44,491,163 |
| <u>\$ 38,775,116</u> | <u>40,553,723</u> |

Iowa Public Television

Balance Sheet
Governmental Funds

June 30, 2013
with summarized comparative information for June 30, 2012

| Assets | Special Revenue | |
|--|----------------------|---|
| | General | Iowa Public Television Foundation |
| Assets: | | |
| Cash | \$ 9,221,435 | 1,548,965 |
| Investments | - | 7,225,085 |
| Beneficial interest in community trust | - | 37,079 |
| Unexpended appropriation | 192,770 | - |
| Accounts receivable | 100,925 | 80 |
| Pledges receivable, net of allowance for uncollectible accounts of \$159,600 for 2013 | - | 998,830 |
| Due from: | | |
| Other funds | 1,369,613 | 189,328 |
| Other state agencies | 103,732 | - |
| Federal government | 143,928 | - |
| Restricted assets - cash | 64,779 | - |
| Inventory | - | 35,173 |
| Prepaid expenditures | 96,975 | 27,519 |
| Total assets | \$ 11,294,157 | 10,062,059 |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ 461,491 | 270,468 |
| Due to: | | |
| Other funds | 1,159,124 | 399,817 |
| Other state agencies | 59,271 | - |
| Deferred revenue | 2,649,319 | 971,651 |
| Total liabilities | 4,329,205 | 1,641,936 |
| Fund balances: | | |
| Nonspendable: | | |
| Prepaid expenditures and inventory | 96,975 | 62,692 |
| Foundation endowment | - | - |
| Restricted for: | | |
| Subsequent years' expenditures | 64,779 | - |
| Noncurrent receivables | - | 95,500 |
| Specific purposes | 5,162,145 | 8,261,931 |
| Committed | 1,651,253 | - |
| Unassigned | (10,200) | - |
| Total fund balances | 6,964,952 | 8,420,123 |
| Total liabilities and fund balances | \$ 11,294,157 | 10,062,059 |

See notes to financial statements.

| Permanent Foundation Endowment | Total 2013 | Total 2012 |
|--------------------------------------|---------------|---------------|
| - | 10,770,400 | 10,217,021 |
| 1,799,235 | 9,024,320 | 8,111,842 |
| - | 37,079 | 34,510 |
| - | 192,770 | 432,899 |
| - | 101,005 | 141,496 |
| - | 998,830 | 992,511 |
| - | 1,558,941 | 1,163,662 |
| - | 103,732 | 55,182 |
| - | 143,928 | 69,458 |
| - | 64,779 | 27,114 |
| - | 35,173 | 32,589 |
| - | 124,494 | 184,254 |
| 1,799,235 | 23,155,451 | 21,462,538 |
| - | 731,959 | 850,283 |
| - | 1,558,941 | 1,163,662 |
| - | 59,271 | 54,702 |
| - | 3,620,970 | 3,607,868 |
| - | 5,971,141 | 5,676,515 |
| - | 159,667 | 216,843 |
| 1,799,235 | 1,799,235 | 1,722,985 |
| - | 64,779 | 27,114 |
| - | 95,500 | 131,500 |
| - | 13,424,076 | 12,051,058 |
| - | 1,651,253 | 1,646,717 |
| - | (10,200) | (10,194) |
| 1,799,235 | 17,184,310 | 15,786,023 |
| 1,799,235 | 23,155,451 | 21,462,538 |

Exhibit D

Iowa Public Television

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

June 30, 2013

with summarized comparative information for June 30, 2012

| | 2013 | | 2012 | |
|---|----------------------|-------------|-------------------|-------------|
| Total governmental fund balances (page 21) | \$ 17,184,310 | | 15,786,023 | |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds, as follows: | | | | |
| Iowa Public Television | \$ 23,362,669 | | 26,926,154 | |
| Iowa Public Television Foundation | 6,956 | 23,369,625 | 13,293 | 26,939,447 |
| Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds, as follows: | | | | |
| Iowa Public Television deferred revenue | 15,626 | | 18,289 | |
| Iowa Public Television Foundation deferred revenue | 971,651 | 987,277 | 673,203 | 691,492 |
| Long term liabilities, including capital lease purchase agreements, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | | | | |
| Capital lease purchase agreements | - | | (438) | |
| Current compensated absences | (694,338) | | (851,428) | |
| Non-current compensated absences | (1,277,713) | | (1,257,187) | |
| Termination benefits payable, included in accounts payable | (365,001) | | (330,721) | |
| Other postemployment benefits payable | (429,044) | (2,766,096) | (423,465) | (2,863,239) |
| Net position of governmental activities (page 17) | \$ 38,775,116 | | 40,553,723 | |

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, 2013
with summarized comparative information for the year ended June 30, 2012

| | <u>General</u> |
|---|---------------------|
| Revenues: | |
| State appropriation | \$ 7,289,021 |
| Federal assistance | 200,582 |
| Fees and licenses | 101,650 |
| Gifts and grants | 2,689,325 |
| In-kind and indirect support | 80,806 |
| Memberships | - |
| Charges for service | 698,892 |
| Interest on investments | 22,868 |
| Miscellaneous | 58,748 |
| Total revenues | <u>11,141,892</u> |
| Expenditures: | |
| Administration | 1,720,362 |
| Engineering and informational technology | 3,678,014 |
| Educational services | 955,128 |
| Programming, operations and production | 7,038,142 |
| Communications and community engagement | 1,384,964 |
| Digital television | 285,077 |
| Fundraising services | - |
| Total expenditures | <u>15,061,687</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,919,795)</u> |
| Other financing sources (uses): | |
| Operating transfers in | 7,676,804 |
| Operating transfers out | (3,819,925) |
| Reversion | - |
| Total other financing sources (uses) | <u>3,856,879</u> |
| Net change in fund balances | (62,916) |
| Fund balances beginning of year | <u>7,027,868</u> |
| Fund balances end of year | <u>\$ 6,964,952</u> |

See notes to financial statements.

| <u>Special Revenue</u> | | | |
|------------------------|-------------------|-------------------|--------------------|
| <u>Iowa Public</u> | <u>Permanent</u> | | |
| <u>Television</u> | <u>Foundation</u> | Total | Total |
| <u>Foundation</u> | <u>Endowment</u> | 2013 | 2012 |
| - | - | 7,289,021 | 8,902,484 |
| - | - | 200,582 | 96,287 |
| - | - | 101,650 | 94,289 |
| 1,911,224 | 76,250 | 4,676,799 | 4,747,218 |
| 37,751 | - | 118,557 | 125,624 |
| 5,463,191 | - | 5,463,191 | 5,727,930 |
| - | - | 698,892 | 783,333 |
| 948,189 | 316,293 | 1,287,350 | 412,440 |
| - | - | 58,748 | 108,156 |
| <u>8,360,355</u> | <u>392,543</u> | <u>19,894,790</u> | <u>20,997,761</u> |
| - | - | 1,720,362 | 2,771,546 |
| - | - | 3,678,014 | 5,403,576 |
| - | - | 955,128 | 1,086,580 |
| - | - | 7,038,142 | 7,706,320 |
| - | - | 1,384,964 | 1,397,942 |
| - | - | 285,077 | 310,494 |
| 3,434,816 | - | 3,434,816 | 3,514,224 |
| <u>3,434,816</u> | <u>-</u> | <u>18,496,503</u> | <u>22,190,682</u> |
| <u>4,925,539</u> | <u>392,543</u> | <u>1,398,287</u> | <u>(1,192,921)</u> |
| - | - | 7,676,804 | 9,589,251 |
| (3,540,586) | (316,293) | (7,676,804) | (9,589,251) |
| - | - | - | (20,000) |
| <u>(3,540,586)</u> | <u>(316,293)</u> | <u>-</u> | <u>(20,000)</u> |
| 1,384,953 | 76,250 | 1,398,287 | (1,212,921) |
| 7,035,170 | 1,722,985 | 15,786,023 | 16,998,944 |
| <u>8,420,123</u> | <u>1,799,235</u> | <u>17,184,310</u> | <u>15,786,023</u> |

Exhibit F

Iowa Public Television

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of ActivitiesYear ended June 30, 2013
with summarized comparative information for the year ended June 30, 2012

| | 2013 | 2012 |
|--|-----------------------|--------------------|
| Net change in fund balances - Total governmental funds (page 25) | \$ 1,398,287 | (1,212,921) |
| 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. | 987,277 | 691,492 |
| Governmental funds report revenue in the current year for amounts deferred in prior years because they were not considered available at that time. | (691,492) | (736,823) |
| 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 year, these amounts are: | | |
| Iowa Public Television: | | |
| Expenditures for capital assets | \$ 422,864 | 1,461,432 |
| Depreciation expense | (3,887,545) | (4,043,399) |
| Iowa Public Television Foundation: | | |
| Depreciation expense | (6,337) | (12,003) |
| | (3,471,018) | (2,593,970) |
| In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the gain or loss on the disposition of capital assets. | (98,804) | (54,156) |
| Only expenses which require current financial resources are reported in governmental funds, whereas the Statement of Activities reports expenses for capital lease purchase agreements, compensated absences, termination benefits and other postemployment benefits not requiring the use of current financial resources, as follows: | | |
| Capital lease purchase agreements | 438 | 14,159 |
| Compensated absences | 136,564 | (24,576) |
| Termination benefits | (34,280) | 102,454 |
| Other postemployment benefits | (5,579) | 97,143 |
| | (123,099) | (31,062) |
| Change in net position of governmental activities (page 19) | <u>\$ (1,778,607)</u> | <u>(3,937,440)</u> |

See notes to financial statements.

Iowa Public Television

Statement of Fiduciary Assets and Liabilities
Agency FundJune 30, 2013
with summarized comparison information for June 30, 2012

| | <u>2013</u> | <u>2012</u> |
|-----------------------------|-----------------|--------------|
| Assets | | |
| Accounts receivable | <u>\$ 8,466</u> | <u>1,234</u> |
| Liabilities | | |
| Due to other state agencies | <u>\$ 8,466</u> | <u>1,234</u> |

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2013

(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 digital transmitters and eight translators as follows:

Digital Transmitters

KDIN-DT Channel 11, Des Moines
KIIN-DT Channel 12, Iowa City
KTIN-DT, Channel 25, Fort Dodge
KYIN-DT Channel 18, Mason City
KSIN-DT Channel 28, Sioux City
KBIN-DT Channel 33, Council Bluffs
KRIN-DT Channel 35, Waterloo
KHIN-DT Channel 35, Red Oak
KQIN-DT Channel 34, Davenport

Translators

K28KK-D Channel 28, Decorah
K43LX-D Channel 43, Rock Rapids
K18GU-D Channel 18, Ottumwa
K26JI-D Channel 26, Sibley
K28JD-D Channel 28, Fort Madison
K39LW-D Channel 38, Lansing
K44AB-D Channel 44, Keokuk
K24IM-D Channel 24, Keosauqua

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 the Permanent Funds.

Iowa Public Television Foundation (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 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

The basic financial statements include prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Iowa Public Television's financial statements for the year ended June 30, 2012 from which the summarized information was derived.

Entity-wide Financial Statements – The Statement of Net Position 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 Position presents Iowa Public Television's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories/components.

Net investment in capital assets consists of capital assets, net of accumulated depreciation.

Nonexpendable restricted net position is subject to externally imposed stipulations which require the preservation of the donor restricted endowment to be maintained permanently and distribution of accumulations to be made in accordance with the direction of the applicable donor gift instrument.

Expendable restricted net position results when constraints placed on net asset use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories/components. Unrestricted net position often has 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.

The Special Revenue, 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 General Fund to finance 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 General 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 year or soon enough thereafter to pay liabilities of the current year. 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, Iowa Public Television's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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 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 Position. 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</u> | <u>Iowa Public</u> |
| | <u>Television</u> | <u>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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds, as well as pledges and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position 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, 2013 and 2012.

State Appropriation and Reversion – 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 year for which the appropriation is made unless such goods or services are received on or before June 30. Fifty percent of unobligated balances of operational appropriations at the end of fiscal year 2013, if any, may be encumbered for technology enhancement or purchases of goods and services from Iowa Prison Industries during the succeeding fiscal year. Any remaining funds are to be deposited in the General Fund of the state.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Legislature through appropriation or legislative action. Committed amounts cannot be used for any other purpose unless the Legislature removes or changes the specified use by taking the same action employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Reclassification

Certain prior year amounts have been reclassified to conform to current year presentations.

(2) Deposits and Investments

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2013 and 2012 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.

At June 30, 2013 and 2012, the carrying amount of cash not held by the Treasurer of State was \$1,551,365 and \$629,271, respectively, and the bank balances were \$1,612,114 and \$661,946, respectively. Deposits of \$530,982 and \$281,361, respectively, are covered by federal depository insurance or by collateral held by the Foundation's agent in the Foundation's name as of June 30, 2013 and 2012. The remaining deposits of \$1,081,132 and \$380,585, respectively, are uninsured.

Investments are held by the Foundation 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, 2013 and 2012, the Foundation's investments had fair values of \$9,024,320 and \$8,111,842, respectively.

(3) Beneficial Interest in Community Trust

The Community Foundation of Greater Des Moines (Community Foundation) was organized to receive gifts and bequests from private and public organizations and to make contributions to projects benefiting the greater Des Moines community. Direct contributions from donors were made on behalf of the Iowa Public Television Foundation (Foundation) during the years ended June 30, 2012 and June 30, 2011. The Community Foundation controls the investment and reinvestment of funds held and management of the funds is at the Community Foundation's sole discretion. The Foundation may receive distributions limited to no more than a 'spending formula' determined from time to time by the Community Foundation's Board of Directors.

The Foundation's beneficial interest is carried at fair market value in the Statement of Net Position. The balance of the interest at June 30, 2013 was \$37,079.

(4) Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2013 and 2012 is as follows:

| Fund | 2013 | | 2012 | |
|--|---------------------|------------------|---------------------|------------------|
| | Receivable | Payable | Receivable | Payable |
| General | \$ 1,369,613 | 1,159,124 | \$ 1,053,510 | 890,899 |
| Special Revenue, Iowa Public Television Foundation | 189,328 | 399,817 | 110,152 | 272,763 |
| Total | <u>\$ 1,558,941</u> | <u>1,558,941</u> | <u>\$ 1,163,662</u> | <u>1,163,662</u> |

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

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

(5) Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

| | Balance Beginning of Year | Reclass- ifications | Increases | Decreases | Balance End of Year |
|---|---------------------------------|------------------------|-------------|-------------|---------------------------|
| Iowa Public Television: | | | | | |
| Capital assets: | | | | | |
| Land, not being depreciated | \$ 1,314,063 | - | - | - | 1,314,063 |
| Buildings | 8,943,496 | - | - | - | 8,943,496 |
| Transmitters | 33,350,776 | - | - | (270,775) | 33,080,001 |
| Machinery, equipment and vehicles | 17,645,757 | - | 289,166 | (869,480) | 17,065,443 |
| Construction in Progress | - | - | 133,698 | - | 133,698 |
| Total capital assets | 61,254,092 | - | 422,864 | (1,140,255) | 60,536,701 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 4,716,477 | - | 347,085 | - | 5,063,562 |
| Transmitters | 17,054,639 | - | 1,924,972 | (204,500) | 18,775,111 |
| Machinery, equipment and vehicles | 12,556,822 | - | 1,615,488 | (836,951) | 13,335,359 |
| Total accumulated depreciation | 34,327,938 | - | 3,887,545 | (1,041,451) | 37,174,032 |
| Total capital assets, net | \$ 26,926,154 | - | (3,464,681) | (98,804) | 23,362,669 |
| Iowa Public Television Foundation: | | | | | |
| Capital assets: | | | | | |
| Leasehold improvements | \$ 41,416 | - | - | - | 41,416 |
| Machinery, equipment and vehicles | 88,960 | - | - | - | 88,960 |
| Total capital assets | 130,376 | - | - | - | 130,376 |
| Less accumulated depreciation for: | | | | | |
| Leasehold improvements | 41,042 | - | 375 | - | 41,417 |
| Machinery, equipment and vehicles | 76,041 | - | 5,962 | - | 82,003 |
| Total accumulated depreciation | 117,083 | - | 6,337 | - | 123,420 |
| Total capital assets, net | \$ 13,293 | - | (6,337) | - | 6,956 |

Capital asset activity for the year ended June 30, 2012 is as follows:

| | Balance Beginning of Year | Reclass- ifications | Increases | Decreases | Balance End of Year |
|---|---------------------------------|------------------------|-------------|-----------|---------------------------|
| Iowa Public Television: | | | | | |
| Capital assets: | | | | | |
| Land, not being depreciated | \$ 1,150,669 | - | 213,435 | (50,041) | 1,314,063 |
| Buildings | 7,901,431 | - | 1,042,065 | - | 8,943,496 |
| Transmitters | 33,478,667 | (127,891) | - | - | 33,350,776 |
| Leasehold improvements | 60,091 | - | - | (60,091) | - |
| Machinery, equipment and vehicles | 17,311,934 | 127,891 | 205,932 | - | 17,645,757 |
| Total capital assets | 59,902,792 | - | 1,461,432 | (110,132) | 61,254,092 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 4,380,229 | - | 336,248 | - | 4,716,477 |
| Transmitters | 15,238,407 | (123,469) | 1,939,701 | - | 17,054,639 |
| Leasehold improvements | 54,125 | - | 1,851 | (55,976) | - |
| Machinery, equipment and vehicles | 10,667,754 | 123,469 | 1,765,599 | - | 12,556,822 |
| Total accumulated depreciation | 30,340,515 | - | 4,043,399 | (55,976) | 34,327,938 |
| Total capital assets, net | \$ 29,562,277 | - | (2,581,967) | (54,156) | 26,926,154 |
| Iowa Public Television Foundation: | | | | | |
| Capital assets: | | | | | |
| Leasehold improvements | \$ 41,416 | - | - | - | 41,416 |
| Machinery, equipment and vehicles | 88,960 | - | - | - | 88,960 |
| Total capital assets | 130,376 | - | - | - | 130,376 |
| Less accumulated depreciation for: | | | | | |
| Leasehold improvements | 38,281 | - | 2,761 | - | 41,042 |
| Machinery, equipment and vehicles | 66,799 | - | 9,242 | - | 76,041 |
| Total accumulated depreciation | 105,080 | - | 12,003 | - | 117,083 |
| Total capital assets, net | \$ 25,296 | - | (12,003) | - | 13,293 |

Depreciation expense for the years ended June 30, 2013 and 2012 was charged to the following functions:

| | Iowa Public Television | Iowa Public Television Foundation | Total 2013 | Total 2012 |
|--|---------------------------|---|---------------|---------------|
| Governmental activities: | | | | |
| Administration | \$ 256,879 | 6,337 | 263,216 | 252,638 |
| Engineering and informational technology | 212,392 | - | 212,392 | 231,537 |
| Educational services | 320 | - | 320 | 1,280 |
| Programming, operations and production | 121,475 | - | 121,475 | 89,412 |
| Digital television | 3,296,479 | - | 3,296,479 | 3,480,535 |
| Total depreciation expense | \$ 3,887,545 | 6,337 | 3,893,882 | 4,055,402 |

(6) 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, 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or by calling 515-281-0020.

For the year ended June 30, 2013, plan members are required to contribute 5.78% of their annual covered salary and Iowa Public Television is required to contribute 8.67% of annual covered payroll. For the year ended June 30, 2012, plan members were required to contribute 5.38% of their annual covered salary and Iowa Public Television was required to contribute 8.07% of annual covered payroll. Contribution requirements are established by state statute. Iowa Public Television's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$560,137, \$521,680 and \$447,304, respectively, equal to the required contributions for each year.

(7) Operating Leases

Iowa Public Television has leased various sites of land and towers to provide educational television service for the State. 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, 2040 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, 2013:

| Year Ending June 30, | Minimum Rental Payments |
|----------------------------|-------------------------------|
| 2014 | \$ 182,604 |
| 2015 | 169,829 |
| 2016 | 136,283 |
| 2017 | 130,610 |
| 2018 | 113,014 |
| 2019-2023 | 334,549 |
| 2024-2028 | 71,545 |
| 2029-2033 | 75,122 |
| 2034-2038 | 78,878 |
| 2039-2043 | 32,164 |
| Total | \$ 1,324,598 |

Rental expense for the years ended June 30, 2013 and 2012 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$186,060 and \$382,279, respectively.

(8) Indirect Administrative Support and In-Kind Contributions

Indirect administrative support provided by other state agencies and in-kind contributions for the years ended June 30, 2013 and 2012 include the following:

| | Year ended June 30, | |
|---|---------------------|------------|
| | 2013 | 2012 |
| Contributed support and in-kind contributions | \$ 118,557 | \$ 125,624 |

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

(9) Lessor Operating Leases

Iowa Public Television owns several transmitters which are located throughout the State. 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, 2013:

| Year Ending June 30, | Minimum Future Rentals |
|----------------------|------------------------|
| 2014 | \$ 261,740 |
| 2015 | 235,129 |
| 2016 | 236,175 |
| 2017 | 234,483 |
| 2018 | 173,643 |
| 2019-2023 | 301,918 |
| 2024-2028 | 33,969 |
| 2029-2033 | 4,937 |
| Total | \$ 1,481,994 |

(10) Interfund Transfers

The detail of interfund transfers for the years ended June 30, 2013 and 2012 is as follows:

| Fund | 2013 | | 2012 | |
|--|--------------|---------------|--------------|---------------|
| | Transfers In | Transfers Out | Transfers In | Transfers Out |
| General | \$ 7,676,804 | 3,819,925 | \$ 9,589,251 | 4,882,813 |
| Special Revenue, Iowa Public Television Foundation | - | 3,540,586 | - | 4,609,201 |
| Permanent, Foundation Endowment | - | 316,293 | - | 97,237 |
| Total | \$ 7,676,804 | 7,676,804 | \$ 9,589,251 | 9,589,251 |

Transfers move gifts and grants from the Special Revenue, Iowa Public Television Foundation Fund to the General Fund. Transfers from the General Fund represent payment of obligations to other funds.

(11) 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).

(12) Compensated Absences and Other Postemployment Benefits

Changes in compensated absences and other postemployment benefit obligations for the years ended June 30, 2013 and 2012 are summarized as follows:

| Year ended June 30, 2013 | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|----------------|----------------|---------------------------|---------------------------|
| Compensated absences | \$ 2,108,615 | 838,728 | 975,292 | 1,972,051 | 694,338 |
| Net OPEB liability | 423,465 | 5,579 | - | 429,044 | - |
| Total | \$ 2,532,080 | 844,307 | 975,292 | 2,401,095 | 694,338 |

| Year ended June 30, 2012 | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|----------------|----------------|---------------------------|---------------------------|
| Compensated absences | \$ 2,084,039 | 832,214 | 807,638 | 2,108,615 | 851,428 |
| Net OPEB liability | 300,366 | 123,099 | - | 423,465 | - |
| Total | \$ 2,384,405 | 955,313 | 807,638 | 2,532,080 | 851,428 |

Sick Leave Insurance Program (SLIP)

A voluntary termination program has been established by the State of Iowa. The program is an opportunity for employees who are retirement-eligible to use the value of their unused sick leave to pay the employer's share of the monthly premium of the State's group health insurance plan after their retirement.

Upon retirement, employees shall first receive a 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 which 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 leave hours the employee had before the cash payment:

| | |
|--------------------------------------|--------------------------------|
| If the sick leave balance is: | The conversion rate is: |
| 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) account. Each month, Iowa Public Television will pay 100% of the employer's 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.

Iowa Public Television 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, until 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 SLIP account will be forfeited. All SLIP program benefits are financed on a pay-as-you-go basis by Iowa Public Television. Amounts calculated for this program are included in the compensated absences liability for current employees and \$222,767 is included in accounts payable for retirees.

For the year ended June 30, 2013, eight employees received benefits totaling \$67,792 under SLIP.

State Employee Retirement Incentive Program (SERIP)

On February 10, 2010, the Governor signed into law the State Employee Retirement Incentive Program (SERIP) for eligible Executive Branch employees. To be eligible, an employee must have been employed on February 10, 2010, be age 55 or older on July 31, 2010 and terminate employment no later than June 24, 2010.

Participants in SERIP will receive the following incentives:

- 1) Unused sick leave – A cash payment of the monetary value of the participant's accrued sick leave balance, not to exceed \$2,000. The payment is calculated by multiplying the number of hours of accrued sick leave by the participant's regular hourly rate of pay at the time of retirement. This payment was made in fiscal year 2010 on the participant's last pay check.
- 2) Health insurance – A minimum of five years of state contributions toward the premiums of a state-sponsored health insurance plan, either through the Sick Leave Insurance Program (SLIP), SERIP or a combination of both programs.
- 3) Unused vacation leave and years of service incentive – Cash payments, including the entire value of the participant's accrued but unused vacation leave and, for participants with at least ten years of state employment, \$1,000 for each year of state employment, up to 25 years of employment. The total unused vacation leave and years of service incentive shall be paid in five equal installments beginning in September 2010 and ending in 2014.

SERIP is financed on a pay-as-you-go basis by Iowa Public Television. Five employees retired under this program and the amounts due have been recorded as accounts payable. The liability for the expected future health insurance benefits at June 30, 2013 is \$75,137 and the liability for the unused vacation leave and years of service incentive payments at June 30, 2013 is \$67,097.

Other Postemployment Benefits

Iowa Public Television participates in the State of Iowa postretirement medical plan (OPEB Plan). The State of Iowa recognizes the implicit rate subsidy for the OPEB Plan as required by GASB Statement No. 45.

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$233,000,000 for the State of Iowa at June 30, 2013. Iowa Public Television's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2013. The report may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

Iowa Public Television recognized a net OPEB liability of \$429,044 for other postemployment benefits, which represents Iowa Public Television's portion of the State's net OPEB liability. Iowa Public Television's portion of the net OPEB liability was calculated using the ratio of full time equivalent Iowa Public Television employees compared to all full time equivalent employees of the State of Iowa.

(13) Subsequent Event

IPTV signed a lease agreement in August 2013 to lease a portion of land for use by IPTV's broadcasting operations. The term of the lease is from July 1, 2013 to June 30, 2023. The future lease payments total \$89,418 over the next 10 years.

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, 2013

| | General Fund Actual | Less Funds not Required to be Budgeted | Net |
|--|---------------------------|---|-----------|
| Revenues: | | | |
| State appropriation | \$ 7,289,021 | - | 7,289,021 |
| Federal assistance | 200,582 | 200,582 | - |
| Fees and licenses | 101,650 | 101,650 | - |
| Gifts and grants | 2,689,325 | 2,689,325 | - |
| In-kind and indirect support | 80,806 | 22,406 | 58,400 |
| Charges for service | 698,892 | 274,622 | 424,270 |
| Interest on investments | 22,868 | 22,868 | - |
| Miscellaneous | 58,748 | 58,748 | - |
| Total revenues | 11,141,892 | 3,370,201 | 7,771,691 |
| Expenditures: | | | |
| Administration | 1,720,362 | 623,921 | 1,096,441 |
| Engineering and informational technology | 3,678,014 | 283,809 | 3,394,205 |
| Educational services | 955,128 | 537,059 | 418,069 |
| Programming, operations and production | 7,038,142 | 5,441,658 | 1,596,484 |
| Communications and community engagement | 1,384,964 | 466,889 | 918,075 |
| Digital television | 285,077 | 164,439 | 120,638 |
| Total expenditures | 15,061,687 | 7,517,775 | 7,543,912 |
| Excess (deficiency) of revenues over (under) expenditures | (3,919,795) | (4,147,574) | 227,779 |
| Other financing sources, net | 3,856,879 | 3,847,637 | 9,242 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (62,916) | (299,937) | 237,021 |
| Balance beginning of year | 7,027,868 | 6,793,335 | 234,533 |
| Balance end of year | \$ 6,964,952 | 6,493,398 | 471,554 |

See accompanying independent auditor's report.

| Budgeted Amounts | | Final to Net Variance |
|------------------|------------------|-----------------------------|
| Original | Final | |
| 7,289,021 | 7,289,021 | - |
| - | - | - |
| - | - | - |
| 5,500 | 5,500 | (5,500) |
| - | - | 58,400 |
| 389,068 | 389,068 | 35,202 |
| - | - | - |
| - | - | - |
| <u>7,683,589</u> | <u>7,683,589</u> | <u>88,102</u> |
| 1,068,302 | 1,083,302 | (13,139) |
| 3,732,578 | 3,717,578 | 323,373 |
| 452,823 | 452,823 | 34,754 |
| 1,564,395 | 1,564,395 | (32,089) |
| 924,559 | 924,559 | 6,484 |
| 75,200 | 83,305 | (37,333) |
| <u>7,817,857</u> | <u>7,825,962</u> | <u>282,050</u> |
| (134,268) | (142,373) | 370,152 |
| <u>185,115</u> | <u>185,115</u> | <u>(175,873)</u> |
| 50,847 | 42,742 | 194,279 |
| 109,153 | 117,258 | 117,275 |
| <u>160,000</u> | <u>160,000</u> | <u>311,554</u> |

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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 or 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.

Supplementary Information

Iowa Public Television

Combining Balance Sheet
General Fund Accounts

June 30, 2013

with summarized comparative information for June 30, 2012

| | State Appropri- ations # 001 | CPB Community Service Grant 2010-2012 # 004 | Iowa Infra- structure # 017 | CPB Community Service Grant 2011-2013 # 033 | Public Telecomm- unications Facilities Program # 059 | Market to Market # 069 |
|--|---------------------------------------|---|--------------------------------------|---|--|---------------------------------|
| Assets | | | | | | |
| Cash | \$ 2,400 | 796,669 | - | 2,081,301 | - | 189,286 |
| Unexpended appropriation | 192,770 | - | - | - | - | - |
| Accounts receivable | 27,095 | - | - | - | - | - |
| Due from: | | | | | | |
| Other funds | 25,311 | 37,027 | - | - | - | 16,842 |
| Other state agencies | 18,180 | 970 | - | 1,587 | - | 168 |
| Federal government | - | - | - | - | 124,498 | - |
| Restricted assets - cash | 64,779 | - | - | - | - | - |
| Prepaid expenditures | 12,600 | - | 84,375 | - | - | - |
| Total assets | \$ 343,135 | 834,666 | 84,375 | 2,082,888 | 124,498 | 206,296 |
| Liabilities and Fund Equity | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 167,478 | 83,349 | - | - | 121,186 | 4,760 |
| Due to: | | | | | | |
| Other funds | 51,910 | 222,534 | - | 1,587 | - | 1,244 |
| Other state agencies | 40,714 | 1,339 | - | 11,496 | 3,312 | 2 |
| Deferred revenue | 15,854 | 527,444 | - | 2,069,805 | - | 16,002 |
| Total liabilities | 275,956 | 834,666 | - | 2,082,888 | 124,498 | 22,008 |
| Fund equity: | | | | | | |
| Fund balance: | | | | | | |
| Nonspendable for prepaid expenditures | 12,600 | - | 84,375 | - | - | - |
| Restricted for: | | | | | | |
| Subsequent years' expenditures | 64,779 | - | - | - | - | - |
| Specific purposes | - | - | - | - | - | - |
| Committed | - | - | - | - | - | 184,288 |
| Unassigned | (10,200) | - | - | - | - | - |
| Total fund equity | 67,179 | - | 84,375 | - | - | 184,288 |
| Total liabilities and fund equity | \$ 343,135 | 834,666 | 84,375 | 2,082,888 | 124,498 | 206,296 |

See accompanying independent auditor's report.

Schedule 1

| IPTV Miscel- laneous # 085 | Friends Funded Program- ming # 303 | Education Telecomm- unications Projects # 304 | Marketing and Distribution # 308 | Educational and Contractual Services # 311 | Capital Equipment Replacement # 316 | Friends Contribution Account # 713 | Technology Reinvestment # 943 | Total 2013 | Total 2012 |
|-------------------------------------|--|---|---|--|--|---|-------------------------------------|-------------------|-------------------|
| 226,889 | 907,705 | 159,367 | 56,743 | 512,769 | 105,724 | 3,862,582 | 320,000 | 9,221,435 | 9,590,150 |
| - | - | - | - | - | - | - | - | 192,770 | 432,899 |
| 43,931 | - | 597 | 121 | 28,107 | 1,074 | - | - | 100,925 | 140,703 |
| 2,918 | 270,706 | 2,231 | 9,980 | 230,513 | 20,804 | 753,281 | - | 1,369,613 | 1,053,510 |
| 210 | 846 | 61,842 | 47 | 16,802 | 147 | 2,933 | - | 103,732 | 55,182 |
| - | - | 19,430 | - | - | - | - | - | 143,928 | 69,458 |
| - | - | - | - | - | - | - | - | 64,779 | 27,114 |
| - | - | - | - | - | - | - | - | 96,975 | 134,475 |
| 273,948 | 1,179,257 | 243,467 | 66,891 | 788,191 | 127,749 | 4,618,796 | 320,000 | 11,294,157 | 11,503,491 |
| - | 56,452 | 11,150 | - | 17,116 | - | - | - | 461,491 | 595,857 |
| - | 450,539 | 214,371 | 9,526 | 185,349 | - | 22,064 | - | 1,159,124 | 890,899 |
| 476 | 74 | 933 | - | - | - | 925 | - | 59,271 | 54,702 |
| 826 | - | - | - | 19,388 | - | - | - | 2,649,319 | 2,934,165 |
| 1,302 | 507,065 | 226,454 | 9,526 | 221,853 | - | 22,989 | - | 4,329,205 | 4,475,623 |
| - | - | - | - | - | - | - | - | 96,975 | 134,475 |
| - | - | - | - | - | - | - | - | 64,779 | 27,114 |
| - | - | - | - | 566,338 | - | 4,595,807 | - | 5,162,145 | 5,229,756 |
| 272,646 | 672,192 | 17,013 | 57,365 | - | 127,749 | - | 320,000 | 1,651,253 | 1,646,717 |
| - | - | - | - | - | - | - | - | (10,200) | (10,194) |
| 272,646 | 672,192 | 17,013 | 57,365 | 566,338 | 127,749 | 4,595,807 | 320,000 | 6,964,952 | 7,027,868 |
| 273,948 | 1,179,257 | 243,467 | 66,891 | 788,191 | 127,749 | 4,618,796 | 320,000 | 11,294,157 | 11,503,491 |

Iowa Public Television

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

Year ended June 30, 2013

with summarized comparative information for the year ended June 30, 2012

| | State Appropri- ations # 001 | CPB Community Service Grant 2010-2012 # 004 | Iowa Infra- structure # 017 | CPB Community Service Grant 2011-2013 # 033 | Public Telecomm- unications Facilities Program # 059 | Market to Market # 069 |
|---|---------------------------------------|---|--------------------------------------|---|--|---------------------------------|
| Revenues: | | | | | | |
| State appropriation | \$ 6,969,021 | - | - | - | - | - |
| Federal assistance | - | - | - | - | 164,439 | - |
| Fees and licenses | - | - | - | - | - | 77,250 |
| Gifts and grants | - | 2,064,497 | - | 560,228 | - | - |
| In-kind and indirect support | 58,400 | - | - | - | - | 22,406 |
| Charges for service | 424,270 | - | - | - | - | - |
| Interest on investments | - | 5,033 | - | 2,886 | - | 446 |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 7,451,691 | 2,069,530 | - | 563,114 | 164,439 | 100,102 |
| Expenditures: | | | | | | |
| Administration | 1,096,441 | 475,805 | - | 148,116 | - | - |
| Engineering and informational technology | 3,394,205 | 231,759 | - | 52,050 | - | - |
| Educational services | 418,069 | 141,193 | - | 32,543 | - | - |
| Programming, operations and production | 1,596,484 | 864,840 | - | 169,857 | - | 140,208 |
| Communications and community engagement | 918,075 | 350,900 | - | 115,989 | - | - |
| Digital television | - | - | 120,638 | - | 164,439 | - |
| Total expenditures | 7,423,274 | 2,064,497 | 120,638 | 518,555 | 164,439 | 140,208 |
| Excess (deficiency) of revenues over (under) expenditures | 28,417 | 5,033 | (120,638) | 44,559 | - | (40,106) |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | 9,242 | - | - | - | - | 101,797 |
| Operating transfers out | - | (5,033) | - | (44,559) | - | - |
| Reversion | - | - | - | - | - | - |
| Total other financing sources (uses) | 9,242 | (5,033) | - | (44,559) | - | 101,797 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 37,659 | - | (120,638) | - | - | 61,691 |
| Fund balance beginning of year | 29,520 | - | 205,013 | - | - | 122,597 |
| Fund balance end of year | \$ 67,179 | - | 84,375 | - | - | 184,288 |

See accompanying independent auditor's report.

Schedule 2

| IPTV Miscel- laneous # 085 | Friends Funded Program- ming # 303 | Education Telecomm- unications Projects # 304 | Marketing and Distri- bution # 308 | Educational and Contractual Services # 311 | Capital Equipment Replacement # 316 | Friends Contribution Account # 713 | Technology Reinvestment # 943 | Total 2013 | Total 2012 |
|-------------------------------------|--|---|--|--|--|---|-------------------------------------|---------------|---------------|
| - | - | - | - | - | - | - | 320,000 | 7,289,021 | 8,902,484 |
| - | - | 36,143 | - | - | - | - | - | 200,582 | 96,287 |
| 24,400 | - | - | - | - | - | - | - | 101,650 | 94,289 |
| - | - | - | - | 64,600 | - | - | - | 2,689,325 | 2,632,092 |
| - | - | - | - | - | - | - | - | 80,806 | 92,024 |
| 1,984 | - | 197,300 | - | 37,105 | 38,233 | - | - | 698,892 | 783,333 |
| 527 | 3,981 | 423 | 153 | 1,532 | 549 | 7,338 | - | 22,868 | 24,997 |
| 52,641 | - | 2,861 | 3,246 | - | - | - | - | 58,748 | 108,156 |
| 79,552 | 3,981 | 236,727 | 3,399 | 103,237 | 38,782 | 7,338 | 320,000 | 11,141,892 | 12,733,662 |
| - | - | - | - | - | - | - | - | 1,720,362 | 2,771,546 |
| - | - | - | - | - | - | - | - | 3,678,014 | 5,403,576 |
| - | - | 363,323 | - | - | - | - | - | 955,128 | 1,086,580 |
| 71,993 | 3,174,475 | - | 604 | 766,185 | 244,414 | 9,082 | - | 7,038,142 | 7,706,320 |
| - | - | - | - | - | - | - | - | 1,384,964 | 1,397,942 |
| - | - | - | - | - | - | - | - | 285,077 | 310,494 |
| 71,993 | 3,174,475 | 363,323 | 604 | 766,185 | 244,414 | 9,082 | - | 15,061,687 | 18,676,458 |
| 7,559 | (3,170,494) | (126,596) | 2,795 | (662,948) | (205,632) | (1,744) | 320,000 | (3,919,795) | (5,942,796) |
| 91,336 | 3,173,533 | 27,871 | 10,580 | 878,889 | 36,535 | 3,347,021 | - | 7,676,804 | 9,589,251 |
| - | (70,504) | (61,470) | (9,530) | (212,039) | - | (3,416,790) | - | (3,819,925) | (4,882,813) |
| - | - | - | - | - | - | - | - | - | (20,000) |
| 91,336 | 3,103,029 | (33,599) | 1,050 | 666,850 | 36,535 | (69,769) | - | 3,856,879 | 4,686,438 |
| 98,895 | (67,465) | (160,195) | 3,845 | 3,902 | (169,097) | (71,513) | 320,000 | (62,916) | (1,256,358) |
| 173,751 | 739,657 | 177,208 | 53,520 | 562,436 | 296,846 | 4,667,320 | - | 7,027,868 | 8,284,226 |
| 272,646 | 672,192 | 17,013 | 57,365 | 566,338 | 127,749 | 4,595,807 | 320,000 | 6,964,952 | 7,027,868 |

Schedule 3

Iowa Public Television

Schedule of Expenditures by Object
General Fund

Year ended June 30, 2013

with summarized comparative information for the year ended June 30, 2012

| | <u>2013</u> | <u>2012</u> |
|-------------------------------|----------------------|----------------------|
| Personal services | \$ 9,029,143 | \$ 8,932,978 |
| Travel | 175,828 | 146,678 |
| Supplies and materials | 2,737,717 | 2,907,913 |
| Contractual services | 2,467,501 | 4,966,854 |
| Equipment and repair | 507,599 | 455,620 |
| Claims and miscellaneous | 8,696 | 9,745 |
| Licenses, permits and refunds | 135,203 | 1,170 |
| Plant improvements | - | 1,255,500 |
| Total | <u>\$ 15,061,687</u> | <u>\$ 18,676,458</u> |

See accompanying independent auditor's report.

Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2013

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|-----------------------------|---------------------------------|-----------|------------|---------------------------|
| Assets | | | | |
| Cash | \$ - | 18,607 | 18,607 | - |
| Accounts receivable | 1,234 | 8,466 | 1,234 | 8,466 |
| Total assets | \$ 1,234 | 27,073 | 19,841 | 8,466 |
| Liabilities | | | | |
| Due to other state agencies | \$ 1,234 | 8,466 | 1,234 | 8,466 |

See accompanying independent auditor's report.

Iowa Public Television



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Iowa Public Television, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise Iowa Public Television's basic financial statements, and have issued our report thereon dated December 5, 2013. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards. This report on internal control over financial reporting and compliance and other matters does not include the results of the Iowa Public Television Foundation audit performed by another auditor.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Iowa Public Television's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Public Television's internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa Public Television's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control during our audit we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

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 which are required to be reported under Government Auditing Standards.

Purpose of this Report

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

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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2013

Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II
Keith C. Kistenmacher, Senior Auditor
Kayley R. Alexander, CPA, Staff Auditor
Kaylynn D. Short, Staff Auditor
James P. Moriarty, Assistant Auditor
Tyler L. Bishop, Intern 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, 2013

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2013 was as follows:

| | |
|---------------------------|---------------|
| Contributors | 5,288 |
| Active members | 46,672 |
| Leadership Circle members | <u>968</u> |
| Total | <u>52,928</u> |

See accompanying independent auditor's report.