



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ December 8, 2005

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Iowa Public Television for the year ended June 30, 2005. One component unit, the Iowa Public Television Foundation, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$23,416,425 for the year, an 8% decrease from the prior year. Revenues included state appropriations of \$16,355,200, gifts and grants of \$2,539,636, federal assistance of \$2,409,487 and in-kind and indirect support of \$781,762. The significant decrease was primarily the result of a decrease in state appropriations for the purpose of digital TV conversion. The Iowa Public Television Foundation received \$5,248,043 from Foundation memberships and \$1,192,466 of corporate support.

Expenditures to operate the educational television network for the year ended June 30, 2005 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 996,666	466,265	1,462,931
Engineering and technical support	5,700,729	-	5,700,729
Educational telecommunications	3,230,678	-	3,230,678
Programming and production	7,742,190	2,451,439	10,193,629
Communications	228,138	-	228,138
Digital television	5,667,158	-	5,667,158
Total	<u>\$23,565,559</u>	<u>2,917,704</u>	<u>26,483,263</u>

Expenditures in the General Fund increased 15% from the prior year, primarily due to an additional \$3.2 million to fund the continued conversion to digital.

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

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**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2005**

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Iowa Public Television

**Officials**

Name

Title

**State**

Honorable Thomas J. Vilsack  
Michael L. Tramontina  
Dennis C. Prouty

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Board**

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

President  
Vice President  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**Agency**

Daniel K. Miller  
Kristine Houston  
Lori J. Smith

Executive Director  
Director of Administration  
Business Manager

**Iowa Public Television**



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Independent Auditor's Report

To the Board Members of  
Iowa Public Television:

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2005, which collectively comprise the basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Public Television's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Iowa Public Television Foundation, a component unit which represents 73.1% and 99.5%, respectively, of the assets and revenues of the special revenue funds and 100% of the assets and revenues of the permanent fund. These statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Iowa Public Television Foundation, is based solely on the report of the other auditors.

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

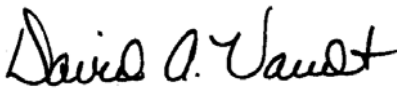
As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2005, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Iowa Public Television at June 30, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2005 on our consideration of Iowa Public Television's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results and do not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 8, 2005

# **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, 2005. We encourage readers to consider this information in conjunction with IPTV's financial statements, which follow the discussion.

Iowa Public Television is Iowa's statewide public broadcasting network. IPTV is an autonomous state agency under the umbrella of the Iowa Department of Education. The Iowa Public Broadcasting Board, the broadcast licensee, governs IPTV and sets general programming objectives and policy guidelines. The nine member Iowa Public Broadcasting Board is appointed per the Code of Iowa. Four members are appointed by the Governor to represent the business community, the commercial broadcast industry, the membership of a fund-raising nonprofit organization, and the general public. One member each is appointed by the state association of private colleges and universities, the 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 that permit the creation and distribution of programming and educational products and services responsive to the varied interests of Iowans. IPTV is the state's largest provider of information and entertainment programming about Iowa. Nearly 1,000,000 viewers watch IPTV each week. Contributing membership to the IPTV Foundation consists of approximately 65,000 households.

Iowa Public Television operates nine analog transmitters, five high-power digital transmitters, two low-power digital transmitters, and eight translators. The FCC mandated that all commercial and noncommercial television broadcasters convert from analog to digital transmission. With support from the State of Iowa, the U.S. Department of Commerce and the Corporation for Public Broadcasting, IPTV has received or has commitments for \$45,000,000 of the \$45,750,000 estimated to complete the digital television conversion. One high-power digital transmitter and two low-power digital transmitters shall be completed by the end of fiscal year 2006. The remaining four high-power digital transmitters are estimated to be completed by the fall of 2006. The eight translators will also be replaced during the next three years.

## **FINANCIAL HIGHLIGHTS**

- In fiscal year 2005, total net revenues decreased by \$2.2 million. The decreases were due to:
  - a net decrease in the state appropriation of \$1.7 million,
  - a decrease in operating grants and contributions of \$592,957.
- Operating expenses for Iowa Public Television decreased by \$92,137.
- There was an increase in capital assets, primarily due to the continued conversion to digital.



## **USING THIS ANNUAL REPORT**

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

During fiscal year 2004, IPTV received federal grant money from the Public Broadcasting Service to be used to purchase land for a new transmitter. During fiscal year 2005, IPTV retroactively adjusted its beginning balance to defer the earnings from this grant to the year of the land purchase. This resulted in restatements to beginning balances in both the beginning Net Assets and beginning General Fund balance (see Note 10). To facilitate and enhance comparability in this discussion and analysis, fiscal year 2004 amounts have been revised to reflect the changes as if they had been made in the prior year.

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

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

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

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

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

## **ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Iowa Public Television's combined net assets increased to \$45.2 million at the end of fiscal year 2005 as compared to \$37.4 million at the end of fiscal year 2004.

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

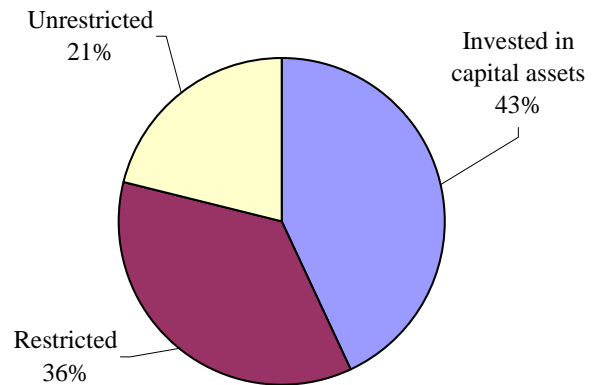
Restricted net assets represent the next largest portion of IPTV's net assets. Much of these restricted net assets will be invested in capital assets as the digital conversion continues over the subsequent years. This portion also includes endowment assets that are subject to external restrictions on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

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

**Net Assets of Governmental Activities**

Assets	<u>June 30, 2004</u>	<u>June 30, 2005</u>
Current and other assets	\$ 27,451,672	31,285,148
Capital assets	15,910,904	19,545,924
<b>Total Assets</b>	<b>43,362,576</b>	<b>50,831,072</b>
<b>Liabilities</b>		
Current liabilities	5,557,047	5,343,021
Noncurrent liabilities	397,595	238,388
<b>Total Liabilities</b>	<b>5,954,642</b>	<b>5,581,409</b>
<b>Net Assets</b>		
Invested in capital assets	15,910,904	19,545,924
Restricted	11,723,654	16,103,388
Unrestricted	9,773,376	9,600,351
<b>Total Net Assets</b>	<b>\$ 37,407,934</b>	<b>45,249,663</b>

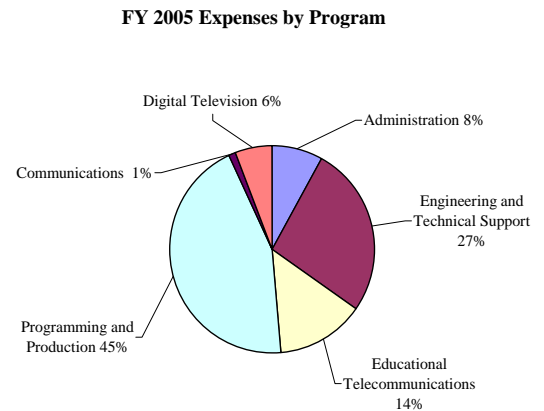
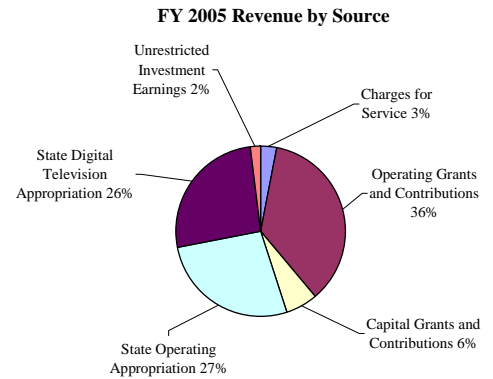
**FY 2005 Composition of Net Assets**



The net assets of Iowa Public Television increased \$7.8 million during fiscal year 2005. FY 2005 revenues were \$2.2 million less than in FY 2004. Decreases were seen in the state digital television appropriation, operating grants and contributions, charges for service, and investment earnings. Operating grants and contributions of \$11.1 million represented 36% 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 2005, IPTV received a state operating appropriation of \$8.4 million, of which \$1.2 million was passed directly to regional telecommunications councils across the state. The state operating appropriation of \$8.4 million represented 27% of total revenues. FY 2005 expenses were \$92,137 lower than in FY 2004. Programming and production expenses of \$10.2 million represented 45% of total expenses during the fiscal year. The majority of the expenses from the IPTV Foundation are included in programming and production expenses.

**Changes in Net Assets of Governmental Activities**

	Year Ended June 30, 2004	Year Ended June 30, 2005
<b>Revenues:</b>		
<b>Program Revenues</b>		
Charges for Service	\$ 1,083,113	801,008
Operating Grants and Contributions	11,647,294	11,054,337
Capital Grants and Contributions	1,279,298	1,779,489
<b>General Revenues</b>		
State Operating Appropriation	8,047,609	8,355,200
State Digital Television Appropriation	10,000,000	8,000,000
Unrestricted Investment Earnings	860,918	681,263
<b>Total Revenues</b>	<b>32,918,232</b>	<b>30,671,297</b>
<b>Program Expenses:</b>		
Administration	1,809,784	1,748,987
Engineering and Technical Support	5,551,580	6,088,815
Educational Telecommunications	3,357,600	3,244,604
Programming and Production	10,932,429	10,214,342
Communications	154,314	227,073
Digital Television	1,115,077	1,305,747
<b>Total Expenses</b>	<b>22,920,784</b>	<b>22,829,568</b>
Revenue Over Expenses	9,997,448	7,841,729
Gain on Disposal of Assets	24,451	-
<b>Increase in Net Assets</b>	<b>10,021,899</b>	<b>7,841,729</b>
Net Assets beginning of year, as restated	27,386,035	37,407,934
<b>Net Assets end of year</b>	<b>\$ 37,407,934</b>	<b>45,249,663</b>



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

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

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

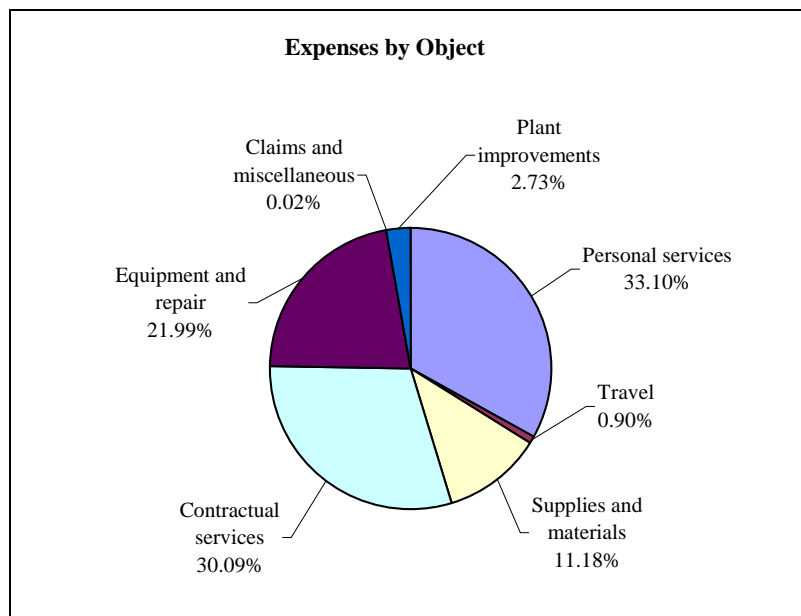
## **FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2005, Iowa Public Television reported a combined General Fund balance of \$17.5 million, which is \$4.2 million more than the previous year's total of \$13.3 million. IPTV's General Fund expenses exceeded General Fund revenues by \$149,134, and approximately \$4.3 million in net transfers were received from the Special Revenue Fund.

IPTV's total state appropriations of \$16.4 million represented 70% of total General Fund revenues of \$23.4 million. Gifts and grants of \$2.5 million represented 11% of total General Fund revenues, while Federal assistance of \$2.4 million represented 10% of total General Fund revenues.

Personal services of \$7.8 million represented 33% of General Fund expenditures. Contractual services of \$7.1 million represented 30% of total General Fund expenditures of \$23.6 million (see Schedule 3). Contractual services remain a significant item. However, much of this expenditure relates to the pass-through of Federal support to other government entities such as local school districts and other educational entities. Other significant expenditures include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.



Special Revenue Fund (Exhibits C and E):

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

At June 30, 2005, IPTV reported a combined Special Revenue Fund balance of \$7.2 million. The Special Revenue Fund balance decreased by \$250,492 from the fiscal year ended June 30, 2004. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by \$3.9 million. This excess was transferred to IPTV's general fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of \$6.8 million was comprised mainly of \$5.2 million in membership revenue and \$1.2 million in gifts and grants.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The state appropriations for Iowa Public Television were not reduced for fiscal year 2005. However, the mandated increases in salaries and benefits in fiscal year 2005 were not funded. The General Fund budget was adjusted to reflect the unfunded increase in personnel costs.

As seen in the Required Supplementary Information on pages 36 and 37, there are variances between budgeted amounts and actual revenues and expenditures. Expenditures were lower than budgeted primarily due to capital funds. Any capital funds unspent were carried forward to fiscal year 2006. Other expenditure line variances were due to the shifting of resources from one function to another during the fiscal year.

## **CAPITAL ASSETS**

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2005 was \$37.6 million, net of accumulated depreciation of \$18.1 million, leaving a net book value of \$19.5 million. This investment in capital assets includes land, buildings, improvements other than buildings, furniture, fixtures, equipment, vehicles and transmitters. Transmitter assets include property and equipment at the transmitter and translator sites across the state, such as towers, buildings, transmitters, antennas, transmission lines and test equipment.

The net increase in Iowa Public Television's investment in capital assets for the current fiscal year was about \$5.3 million, with the majority used for the digital conversion. Depreciation charges for the year totaled \$2 million.

Iowa Public Television's fiscal year 2005 capital budget included \$18 million for capital projects, principally for the completion of high power digital transmitters at KHIN-DT Red Oak and KBIN-DT Council Bluffs, low-power digital transmitters at KIIN-DT Iowa City and KQIN-DT Quad Cities and interconnection and origination equipment for the network. Funds will be carried forward to fiscal year 2006 to complete the four remaining high-power digital channels and the two remaining low-power channels. Funds to pay for the continued conversion to digital will come from an appropriation received from the State, grants from the Corporation for Public Broadcasting and grants from the National Telecommunications and Information Administration (NTIA) of the U.S. Department of Commerce.

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

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

State General Fund revenue estimates are generated by the Iowa Revenue Estimating Conference (REC). The REC is comprised of the Governor or his designee, the Director of the Legislative Services Agency and a third person agreed upon by the other two members. At the October 14, 2005 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2006.

The state appropriations for Iowa Public Television were not reduced for fiscal year 2006. However, previous years' budget cuts and mandated unfunded increases in personnel costs were not restored and, therefore, impacted the fiscal year 2006 budget. Budgeted disbursements are expected to decrease to align with the expected revenues. Iowa Public Television's net asset balance is expected to increase at the close of fiscal year 2006 due to continued digital television conversion efforts.

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

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

**Iowa Public Television**

## **Basic Financial Statements**



**Exhibit A**

## Iowa Public Television

## Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash	\$ 7,943,908
Investments	136,119
Unexpended appropriation	14,866,394
Accounts receivable, net of allowance for uncollectible accounts of \$25	109,067
Pledges receivable, net of allowance for uncollectible accounts of \$185,800	545,947
Due from:	
Other state agencies	148,447
Federal government	482,932
Restricted assets-cash	89,919
Prepaid expenses	571,602
Total current assets	<u>24,894,335</u>
Noncurrent assets:	
Investments	6,390,813
Capital assets, net	19,545,924
Total noncurrent assets	<u>25,936,737</u>
<b>Total assets</b>	<u>50,831,072</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,676,599
Due to other state agencies	150,556
Deferred revenue	2,807,991
Compensated absences	707,875
Total current liabilities	<u>5,343,021</u>
Noncurrent liabilities:	
Compensated absences	238,388
<b>Total liabilities</b>	<u>5,581,409</u>
<b>Net Assets</b>	
Invested in capital assets	19,545,924
Restricted for:	
Future state vehicle dispatch purchases	89,919
Acquisition or production of programming	1,857,193
Installation of digital television	14,156,276
Unrestricted	9,600,351
<b>Total net assets</b>	<u>\$ 45,249,663</u>

See notes to financial statements.

Iowa Public Television

Statement of Activities

Year ended June 30, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions:					
Governmental activities:					
Administration	\$ 1,748,987	-	70,284	-	(1,678,703)
Engineering and technical support	6,088,815	321,823	-	-	(5,766,992)
Educational telecommunications	3,244,604	1,200	2,061,732	-	(1,181,672)
Programming and production	10,214,342	477,985	8,922,321	-	(814,036)
Communications	227,073	-	-	-	(227,073)
Digital television	1,305,747	-	-	1,779,489	473,742
<b>Total</b>	<b>\$ 22,829,568</b>	<b>801,008</b>	<b>11,054,337</b>	<b>1,779,489</b>	<b>(9,194,734)</b>
General revenues:					
State appropriation					16,355,200
Unrestricted investment earnings					681,263
Total general revenues					17,036,463
Change in net assets					7,841,729
Net assets beginning of year, as restated (note 10)					37,407,934
Net assets end of year					<u>\$ 45,249,663</u>

See notes to financial statements.

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Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2005

	<u>General</u>
<b>Assets</b>	
Assets:	
Cash	\$ 5,667,858
Investments	-
Unexpended appropriation	14,866,394
Accounts receivable, net of allowance for uncollectible accounts of \$25	108,356
Pledges receivable, net of allowance for uncollectible accounts of \$185,800	-
Due from:	
Other funds	315,124
Other state agencies	135,178
Federal government	482,932
Restricted assets-cash	89,919
Prepaid expenditures	<u>533,105</u>
<b>Total assets</b>	<u><u>\$22,198,866</u></u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ 1,512,181
Due to:	
Other funds	270,835
Other state agencies	149,783
Deferred revenue	<u>2,807,991</u>
Total liabilities	<u>4,740,790</u>
Fund balances:	
Reserved for:	
Prepaid expenditures	533,105
Subsequent years' expenditures	89,919
Specific purposes	14,156,276
Unreserved	<u>2,678,776</u>
Total fund balances	<u>17,458,076</u>
<b>Total liabilities and fund balances</b>	<u><u>\$22,198,866</u></u>

See notes to financial statements.

Special Revenue			
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment	Total
259,165	2,016,885	-	7,943,908
5,078,947	-	1,447,985	6,526,932
-	-	-	14,866,394
-	711	-	109,067
545,947	-	-	545,947
204,838	219,716	-	739,678
-	13,269	-	148,447
-	-	-	482,932
-	-	-	89,919
38,497	-	-	571,602
<u>6,127,394</u>	<u>2,250,581</u>	<u>1,447,985</u>	<u>32,024,826</u>
164,418	-	-	1,676,599
455,574	13,269	-	739,678
-	773	-	150,556
505,425	-	-	3,313,416
<u>1,125,417</u>	<u>14,042</u>	<u>-</u>	<u>5,880,249</u>
38,497	-	-	571,602
-	-	-	89,919
409,208	-	1,447,985	16,013,469
4,554,272	2,236,539	-	9,469,587
<u>5,001,977</u>	<u>2,236,539</u>	<u>1,447,985</u>	<u>26,144,577</u>
<u>6,127,394</u>	<u>2,250,581</u>	<u>1,447,985</u>	<u>32,024,826</u>

**Exhibit D**

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## Iowa Public Television

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

June 30, 2005

**Total governmental fund balances (page 19)** \$ 26,144,577

***Amounts reported for governmental activities in the  
Statement of Net Assets are different because:***

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

Iowa Public Television	\$ 19,496,658	
Iowa Public Television Foundation	<u>49,266</u>	19,545,924

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 505,425

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds, as follows:

Current compensated absences	(707,875)	
Non-current compensated absences	<u>(238,388)</u>	<u>(946,263)</u>

**Net assets of governmental activities (page 17)** \$ 45,249,663

See notes to financial statements.

**Iowa Public Television**

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

Year ended June 30, 2005

	<u>General</u>
Revenues:	
State appropriation	\$ 16,355,200
Federal assistance	2,409,487
Receipts from other entities	12,111
Fees and licenses	132,189
Gifts and grants	2,539,636
In-kind and indirect support	781,762
Memberships	-
Charges for service	1,051,899
Interest on investments	134,141
Total revenues	<u>23,416,425</u>
Expenditures:	
Administration	996,666
Engineering and technical support	5,700,729
Educational telecommunications	3,230,678
Programming and production	7,742,190
Communications	228,138
Digital television	5,667,158
Total expenditures	<u>23,565,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(149,134)</u>
Other financing sources (uses):	
Operating transfers in	5,493,493
Operating transfers out	<u>(1,173,074)</u>
Total other financing sources (uses):	<u>4,320,419</u>
Net change in fund balances	4,171,285
Fund balances beginning of year, as restated (note 10)	<u>13,286,791</u>
Fund balances end of year	<u>\$ 17,458,076</u>

See notes to financial statements.

Special Revenue				
Iowa Public Television Foundation	Friends Contribution Account	Permanent Foundation Endowment		Total
-	-	-	-	16,355,200
-	-	-	-	2,409,487
-	-	-	-	12,111
-	-	-	-	132,189
1,192,466	-	-	-	3,732,102
-	-	-	-	781,762
5,248,043	-	-	-	5,248,043
-	-	-	-	1,051,899
361,342	33,467	152,313	-	681,263
6,801,851	33,467	152,313	-	30,404,056
466,265	-	-	-	1,462,931
-	-	-	-	5,700,729
-	-	-	-	3,230,678
2,393,832	57,607	-	-	10,193,629
-	-	-	-	228,138
-	-	-	-	5,667,158
2,860,097	57,607	-	-	26,483,263
3,941,754	(24,140)	152,313	-	3,920,793
-	3,414,396	-	-	8,907,889
(3,909,687)	(3,672,815)	(152,313)	-	(8,907,889)
(3,909,687)	(258,419)	(152,313)	-	-
32,067	(282,559)	-	-	3,920,793
4,969,910	2,519,098	1,447,985	-	22,223,784
5,001,977	2,236,539	1,447,985	-	26,144,577



**Exhibit F**

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## Iowa Public Television

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

Year ended June 30, 2005

**Net change in fund balances - Total governmental funds (page 23)** \$ 3,920,793**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. 505,425

Governmental funds report revenue in the current period for amounts deferred  
in prior years because they were not considered available at that time. (228,500)

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over the  
life of the assets. In the current period, these amounts are:

## Iowa Public Television:

Expenditures for capital assets \$ 5,604,954  
Depreciation expense (1,940,373)

## Iowa Public Television Foundation:

Depreciation expense (18,957) 3,645,624

In the governmental funds, the proceeds from the sale of capital assets  
increase financial resources, whereas the statement of activities only  
reports the loss on the disposal. (10,604)

Only expenses which require current financial resources are reported in  
governmental funds, whereas the Statement of Activities reports expenses  
for compensated absences not requiring the use of current financial resources. 8,991

**Change in net assets of governmental activities (page 17)** \$ 7,841,729

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2005

**Assets**

Accounts receivable \$ 219

**Liabilities**

Due to other state agencies \$ 219

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2005

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

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

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

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

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

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

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

Iowa Public Television reports the following major governmental funds:

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

Special Revenue:

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

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

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

Iowa Public Television also reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current

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

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

Compensated Absences – Iowa Public Television employees accrue vacation, sick leave and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. The liabilities for compensated absences are based on rates of pay in effect at June 30, 2005.

State Appropriations and Reversions – The Legislature makes annual appropriations of state funds to the various agencies. No payment of an obligation for goods and services can be charged to an appropriation subsequent to the last day of the fiscal term for which the appropriation is made unless such goods or services are received on or before June 30. If the agency has unobligated balances of operational appropriations at the end of the fiscal year, up to fifty percent may be encumbered by the agency and used during the succeeding fiscal year for employee training, technology enhancement and purchase of goods and services from Iowa prison industries. The remaining balance shall be deposited in the cash reserve fund created in Section 8.56 of the Code of Iowa.

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

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

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. All interest income on money invested in the investment pool is retained in the fund holding the cash balance.

The carrying amount of cash not held by the Treasurer of State is \$261,571 and the bank balance is \$322,839. Deposits of \$230,610 are covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name as of June 30, 2005. Remaining deposits of \$92,229 are uninsured.

Investments are held by the component unit in accordance with the component unit's investment policy. The purpose of the investment policy is to outline the asset allocation guidelines, the investment planning horizon, investment return objectives, the selection criteria application to investment managers and consultants, and the monitoring and

control procedures. At June 30, 2005, the component unit's investments had a fair market value of \$6,526,932 and were invested as follows:

<b>Investment Type</b>	<b>Fair Value</b>
Cash	\$ 60,507
U.S. Equities	3,069,999
Mutual Funds:	
Non-U.S. Equity	1,111,672
U.S. Fixed Income	2,209,142
Senior Loan Fund	75,612
	<u>3,396,426</u>
Total	<u>\$ 6,526,932</u>

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

**Credit Risk.** With the exception of the U.S. fixed income and the senior loan fund, the component unit's investments consist of U.S. equities and stock mutual funds which are not subject to credit risk. The credit risk ratings of the U.S. fixed income mutual funds and the senior loan fund at June 30, 2005 based on Moody's and Standard & Poor's ratings were as follows:

	<b>Treasury &amp; Agencies</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB OR Below</b>	<b>Total</b>
U.S. Fixed Income	\$ 1,215,027	508,103	88,366	154,640	198,823	44,183	2,209,142

	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>Unrated</b>	<b>Total</b>
Senior Loan Fund	\$ 605	22,230	32,362	20,415	75,612

**Interest Rate Risk.** With the exception of the U.S. fixed income and the senior loan fund, the component unit's investments consist of U.S. equities and stock mutual funds which are not subject to interest rate risk. At June 30, 2005, the effective duration and composition of the U.S. fixed income mutual funds and the maturities of the senior loan fund were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Effective Duration</b>
U.S. Fixed Income:		
Conventional Treasuries	\$ 371,836	5.3
Inflation-Protected Treasuries	43,745	5.0
Government-Related Agencies	43,745	5.0
Government-Related Sovereigns	21,873	10.0
Mortgages	721,799	1.8
Collateralized Mortgage-Backed Securities	196,854	5.6
Asset-Backed	131,236	0.6
Investment Grade Credit	393,708	6.7
U.S. High Yield	65,618	3.3
Emerging Markets	21,873	10.0
Non-U.S. Sovereign	87,491	7.5
Cash Equivalents	109,364	-
Total	<u>\$ 2,209,142</u>	<u>3.9</u>

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturities</b>
Senior Loan Fund	<u>\$ 75,612</u>	18 to 24 months



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

The detail of interfund receivables and payables at June 30, 2005 is as follows:

Fund	Receivables	Payables
General	\$ 315,124	270,835
Special Revenue:		
Iowa Public Television Foundation	204,838	455,574
Friends Contribution Account	219,716	13,269
Total	<u>\$ 739,678</u>	<u>739,678</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.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Iowa Public Television:</b>				
Capital assets:				
Land, not being depreciated	\$ 450,000	119,889	-	569,889
Buildings	6,444,641	-	-	6,444,641
Transmitters	18,165,581	2,932,904	-	21,098,485
Leasehold improvements	60,091	-	-	60,091
Machinery, equipment and vehicles	6,822,228	2,552,161	(320,204)	9,054,185
Total capital assets	<u>31,942,541</u>	<u>5,604,954</u>	<u>(320,204)</u>	<u>37,227,291</u>
Less accumulated depreciation for:				
Buildings	2,512,501	243,644	-	2,756,145
Transmitters	8,074,029	1,187,722	-	9,261,751
Leasehold improvements	34,923	4,391	-	39,314
Machinery, equipment and vehicles	5,478,407	504,616	(309,600)	5,673,423
Total accumulated depreciation	<u>16,099,860</u>	<u>1,940,373</u>	<u>(309,600)</u>	<u>17,730,633</u>
Total capital assets, net	<u>\$ 15,842,681</u>	<u>3,664,581</u>	<u>(10,604)</u>	<u>19,496,658</u>
<b>Iowa Public Television Foundation:</b>				
Capital assets:				
Leasehold improvements	\$ 46,237	-	-	46,237
Machinery, equipment and vehicles	389,616	-	-	389,616
Total capital assets	<u>435,853</u>	<u>-</u>	<u>-</u>	<u>435,853</u>
Less accumulated depreciation:				
Leasehold improvements	23,766	2,763	-	26,529
Machinery, equipment and vehicles	343,864	16,194	-	360,058
Total accumulated depreciation	<u>367,630</u>	<u>18,957</u>	<u>-</u>	<u>386,587</u>
Total capital assets, net	<u>\$ 68,223</u>	<u>(18,957)</u>	<u>-</u>	<u>49,266</u>

Depreciation expense was charged to the following functions:

	Iowa Public Television	Iowa Public Television Foundation	Total
Governmental activities:			
Administration	\$ 241,727	18,957	260,684
Engineering and technical support	500,982	-	500,982
Educational telecommunications	17,509	-	17,509
Programming and production	81,925	-	81,925
Digital television	1,098,230	-	1,098,230
Total depreciation expense	<u>\$ 1,940,373</u>	<u>18,957</u>	<u>1,959,330</u>

**(5) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and Iowa Public Television is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. Iowa Public Television's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$344,213, \$358,065 and \$327,705, respectively, equal to the required contributions for each year.

**(6) Operating Leases**

Iowa Public Television has leased various sites of land and towers to provide educational television service for the State of Iowa. These leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. The leases expire prior to June 30, 2027 and require various minimum annual rentals. Certain leases are renewable for additional periods. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2005:

Year Ending June 30,	Minimum Rental Payments
2006	\$ 415,959
2007	390,207
2008	166,140
2009	122,317
2010	95,471
2011-2015	144,915
2016-2020	47,632
2021-2025	60,791
2026-2027	<u>28,785</u>
Total	<u>\$ 1,472,217</u>

Rental expense for the year ended June 30, 2005 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$408,231.

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

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

Contributed support and in-kind \$781,762

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

**(8) Lessor Operating Leases**

Iowa Public Television owns several transmitters which are located throughout the State of Iowa. Iowa Public Television leases a portion of the tower space, but currently no value has been assigned to the leased portion. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Minimum Future Rentals</u>
2006	\$ 155,110
2007	119,252
2008	108,291
2009	82,516
2010	76,636
2011-2015	<u>129,581</u>
Total	<u>\$ 671,386</u>

**(9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 5,493,493	1,173,074
Special Revenue:		
Iowa Public Television Foundation	–	3,909,687
Friends Contribution Account	3,414,396	3,672,815
Permanent	–	152,313
Total	<u>\$ 8,907,889</u>	<u>8,907,889</u>

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

**(10) Beginning Balance Adjustment**

During fiscal year 2005, Iowa Public Television deferred revenue which was previously recorded as earned. This change resulted in an adjustment to beginning Net Assets and beginning General Fund balance as follows:

	<u>Statement of Net Assets</u>	<u>Fund Statements - General Fund</u>
Balances at June 30, 2004	\$ 37,741,267	13,620,124
Adjustment	<u>(333,333)</u>	<u>(333,333)</u>
Balances at July 1, 2004, as restated	<u>\$ 37,407,934</u>	<u>13,286,791</u>

**(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).

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, 2005

	General Fund Actual	Less Funds not Required to be Budgeted
Revenues:		
State appropriations	\$ 16,355,200	-
Federal assistance	2,409,487	2,409,487
Receipts from other entities	12,111	-
Fees and licenses	132,189	132,189
Gifts and grants	2,539,636	2,535,936
In-kind and indirect support	781,762	781,762
Charges for service	1,051,899	731,303
Interest on investments	134,141	134,141
Total revenues	<u>23,416,425</u>	<u>6,724,818</u>
Expenditures:		
Administration	996,666	70,284
Engineering and technical support	5,700,729	-
Educational telecommunications	3,230,678	2,237,138
Programming and production Communications	7,742,190	6,822,887
Digital television	228,138	-
Total expenditures	<u>5,667,158</u>	<u>1,779,489</u>
Excess (deficiency) of revenues over (under) expenditures	(149,134)	(4,184,980)
Other financing sources, net	<u>4,320,419</u>	<u>4,205,718</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,171,285	20,738
Balance beginning of year, as restated	<u>13,286,791</u>	<u>2,709,362</u>
Balance end of year	<u>\$ 17,458,076</u>	<u>2,730,100</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
16,355,200	16,327,320	16,355,200	-
-	-	-	-
12,111	-	-	12,111
-	-	-	-
3,700	-	-	3,700
-	-	-	-
320,596	288,389	290,889	29,707
-	13,253	13,253	(13,253)
<u>16,691,607</u>	<u>16,628,962</u>	<u>16,659,342</u>	<u>32,265</u>
926,382	991,840	1,046,400	120,018
5,700,729	5,576,865	5,563,365	(137,364)
993,540	1,113,365	1,128,365	134,825
919,303	1,063,821	1,060,821	141,518
228,138	226,983	228,483	345
3,887,669	17,947,665	17,947,665	14,059,996
<u>12,655,761</u>	<u>26,920,539</u>	<u>26,975,099</u>	<u>14,319,338</u>
4,035,846	(10,291,577)	(10,315,757)	14,351,603
<u>114,701</u>	<u>354,665</u>	<u>381,345</u>	<u>(266,644)</u>
4,150,547	(9,936,912)	(9,934,412)	14,084,959
<u>10,577,429</u>	<u>9,936,912</u>	<u>9,934,412</u>	<u>643,017</u>
<u>14,727,976</u>	<u>-</u>	<u>-</u>	<u>14,727,976</u>

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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

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

**Other Supplementary Information**



Iowa Public Television  
Combining Balance Sheet  
General Fund Accounts

June 30, 2005

	State Appropriations #001	CPB Community Service Grant 2001-2003 #004	Iowa Infrastructure #017	CPB Community Service Grant 2000-2002 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069
<b>Assets</b>						
Cash	\$ 2,406	700,934	-	1,870,084	205,366	142,308
Unexpended appropriation	291,974	-	8,000,000	-	-	-
Accounts receivable, net of allowance	3,037	-	-	-	-	2,954
Due from:						
Other funds	156,533	-	-	-	-	3,000
Other state agencies	15,012	11,296	-	18,687	-	1,422
Federal government	-	-	-	-	147,968	-
Restricted assets-cash	72,534	-	-	-	-	-
Prepaid expenditures	34,947	17,571	-	-	-	-
<b>Total assets</b>	<b>\$ 576,443</b>	<b>729,801</b>	<b>8,000,000</b>	<b>1,888,771</b>	<b>353,334</b>	<b>149,684</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ 390,485	143,203	-	-	-	6,500
Due to:						
Other funds	6,233	11,995	-	18,687	20,000	63
Other state agencies	104,785	940	-	-	-	-
Deferred revenue	-	593,617	-	1,856,386	333,334	12,899
<b>Total liabilities</b>	<b>501,503</b>	<b>749,755</b>	<b>-</b>	<b>1,875,073</b>	<b>353,334</b>	<b>19,462</b>
Fund equity:						
Fund balance:						
Reserved for:						
Prepaid expenditures	34,947	17,571	-	-	-	-
Subsequent years'						
expenditures	72,534	-	-	-	-	-
Specific purposes	-	-	8,000,000	-	-	-
Unreserved	(32,541)	(37,525)	-	13,698	-	130,222
<b>Total fund equity</b>	<b>74,940</b>	<b>(19,954)</b>	<b>8,000,000</b>	<b>13,698</b>	<b>-</b>	<b>130,222</b>
<b>Total liabilities and fund equity</b>	<b>\$ 576,443</b>	<b>729,801</b>	<b>8,000,000</b>	<b>1,888,771</b>	<b>353,334</b>	<b>149,684</b>

See accompanying independent auditor's report.

IPTV Miscel- laneous #085	Digital TV Conversion #198/217	Iowa Distance Education Alliance #264	Restricted Donations Program- ming #302	Friends Funded Program- ming #303	Education Telecomm- unications Projects #304	Marketing and Distribution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Total
530,227	-	39,771	909	911,449	267,983	142,768	694,652	159,001	5,667,858
-	6,574,420	-	-	-	-	-	-	-	14,866,394
-	-	-	-	8,482	5,485	8,370	77,730	2,298	108,356
120,012	-	-	-	24,798	-	2,480	8,301	-	315,124
4,470	-	-	-	8,103	55,060	1,446	17,559	2,123	135,178
-	-	326,714	-	-	8,250	-	-	-	482,932
-	17,385	-	-	-	-	-	-	-	89,919
-	479,375	-	-	396	816	-	-	-	533,105
<b>654,709</b>	<b>7,071,180</b>	<b>366,485</b>	<b>909</b>	<b>953,228</b>	<b>337,594</b>	<b>155,064</b>	<b>798,242</b>	<b>163,422</b>	<b>22,198,866</b>
125	384,271	318,566	-	92,599	63,422	1,531	111,429	50	1,512,181
120,000	33,817	40,122	-	8,450	2,735	94	8,512	127	270,835
4,698	56	7,796	-	581	30,285	370	272	-	149,783
-	-	-	-	-	11,755	-	-	-	2,807,991
<b>124,823</b>	<b>418,144</b>	<b>366,484</b>	<b>-</b>	<b>101,630</b>	<b>108,197</b>	<b>1,995</b>	<b>120,213</b>	<b>177</b>	<b>4,740,790</b>
-	479,375	-	-	396	816	-	-	-	533,105
-	17,385	-	-	-	-	-	-	-	89,919
-	6,156,276	-	-	-	-	-	-	-	14,156,276
529,886	-	1	909	851,202	228,581	153,069	678,029	163,245	2,678,776
<b>529,886</b>	<b>6,653,036</b>	<b>1</b>	<b>909</b>	<b>851,598</b>	<b>229,397</b>	<b>153,069</b>	<b>678,029</b>	<b>163,245</b>	<b>17,458,076</b>
<b>654,709</b>	<b>7,071,180</b>	<b>366,485</b>	<b>909</b>	<b>953,228</b>	<b>337,594</b>	<b>155,064</b>	<b>798,242</b>	<b>163,422</b>	<b>22,198,866</b>

Iowa Public Television

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

Year ended June 30, 2005

	State Appropri- ations #001	CPB Community Service Grant 2001-2003 #004	Iowa Infrastructure #017	CPB Community Service Grant 2000-2002 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069
<b>Revenues:</b>						
State appropriations	\$ 8,355,200	-	8,000,000	-	-	-
Federal assistance	-	-	-	-	643,012	-
Receipts from other entities	12,111	-	-	-	-	-
Fees and licenses	-	-	-	-	-	74,452
Gifts and grants	3,700	1,533,066	-	519,622	424,999	-
In-kind and indirect support	70,284	-	-	-	-	-
Charges for service	320,596	-	-	-	-	-
Interest on investments	-	38,478	-	27,176	-	3,341
<b>Total revenues</b>	<b>8,761,891</b>	<b>1,571,544</b>	<b>8,000,000</b>	<b>546,798</b>	<b>1,068,011</b>	<b>77,793</b>
<b>Expenditures:</b>						
Administration	996,666	-	-	-	-	-
Engineering and technical support	5,700,729	-	-	-	-	-
Educational telecommunications	993,540	-	-	-	-	-
Programming and production	919,303	1,533,066	-	482,196	-	217,070
Communications	228,138	-	-	-	-	-
Digital television	-	-	-	-	1,068,011	-
<b>Total expenditures</b>	<b>8,838,376</b>	<b>1,533,066</b>	<b>-</b>	<b>482,196</b>	<b>1,068,011</b>	<b>217,070</b>
Excess (deficiency) of revenues over (under) expenditures	(76,485)	38,478	8,000,000	64,602	-	(139,277)
<b>Other financing sources (uses):</b>						
Operating transfers in	114,701	-	-	-	-	158,000
Operating transfers out	-	(38,355)	-	(64,294)	-	-
<b>Total other financing sources (uses)</b>	<b>114,701</b>	<b>(38,355)</b>	<b>-</b>	<b>(64,294)</b>	<b>-</b>	<b>158,000</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	38,216	123	8,000,000	308	-	18,723
Fund balance beginning of year, as restated	36,724	(20,077)	-	13,390	-	111,499
<b>Fund balance end of year</b>	<b>\$ 74,940</b>	<b>(19,954)</b>	<b>8,000,000</b>	<b>13,698</b>	<b>-</b>	<b>130,222</b>

See accompanying independent auditor's report.

IPTV Miscel- laneous #085	Digital TV Conversion #198/217	Iowa Distance Education Alliance #264	Special Projects #302	Friends Funded Program- ming #303	Education Telecomm- unications Projects #304	Marketing and Distri- bution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Total
-	-	-	-	-	-	-	-	-	16,355,200
-	-	1,669,880	-	-	96,595	-	-	-	2,409,487
-	-	-	-	-	-	-	-	-	12,111
42,259	-	-	-	-	478	15,000	-	-	132,189
5,708	-	-	-	16,250	2,368	-	33,923	-	2,539,636
-	711,478	-	-	-	-	-	-	-	781,762
5,638	-	-	-	3,726	292,411	45,859	362,205	21,464	1,051,899
10,422	-	-	-	22,912	7,844	3,410	17,004	3,554	134,141
64,027	711,478	1,669,880	-	42,888	399,696	64,269	413,132	25,018	23,416,425
-	-	-	-	-	-	-	-	-	996,666
-	-	-	-	-	-	-	-	-	5,700,729
-	-	1,667,115	-	-	570,023	-	-	-	3,230,678
329,611	-	-	-	3,686,818	-	42,973	515,272	15,881	7,742,190
-	-	-	-	-	-	-	-	-	228,138
-	4,599,147	-	-	-	-	-	-	-	5,667,158
329,611	4,599,147	1,667,115	-	3,686,818	570,023	42,973	515,272	15,881	23,565,559
(265,584)	(3,887,669)	2,765	-	(3,643,930)	(170,327)	21,296	(102,140)	9,137	(149,134)
355,264	-	-	-	4,529,338	40,470	3,074	258,491	34,155	5,493,493
(114,701)	-	(2,766)	-	(737,649)	(59,261)	(609)	(155,439)	-	(1,173,074)
240,563	-	(2,766)	-	3,791,689	(18,791)	2,465	103,052	34,155	4,320,419
(25,021)	(3,887,669)	(1)	-	147,759	(189,118)	23,761	912	43,292	4,171,285
554,907	10,540,705	2	909	703,839	418,515	129,308	677,117	119,953	13,286,791
529,886	6,653,036	1	909	851,598	229,397	153,069	678,029	163,245	17,458,076

**Schedule 3**

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Iowa Public Television

Expenditures by Object  
General Fund

Year ended June 30, 2005

Personal services	\$ 7,800,799
Travel	211,212
Supplies and materials	2,633,931
Contractual services	7,089,794
Equipment and repair	5,181,294
Claims and miscellaneous	4,813
Plant improvements	<u>643,716</u>
Total	<u>\$ 23,565,559</u>

See accompanying independent auditor's report.

## Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>Assets</b>				
Cash	\$ -	22,513	22,513	-
Accounts receivable	-	219		219
Total assets	\$ -	22,732	22,513	219
<b>Liabilities</b>				
Due to other state agencies	\$ -	22,732	22,513	219

See accompanying independent auditor's report.

**Iowa Public Television**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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 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, 2005, which collectively comprise the basic financial statements listed in the table of contents, and have issued our report thereon dated November 8, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

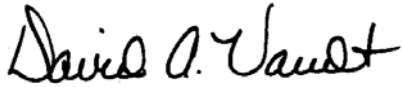
Compliance and Other Matters

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

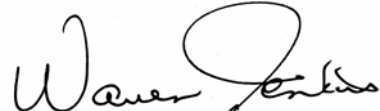
This report, a public record by law, is intended solely for the information and use of the officials and employees of Iowa Public Television and other parties to whom Iowa Public Television may report. This report is not intended to be and should not be used by anyone other than these specified parties.



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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 8, 2005

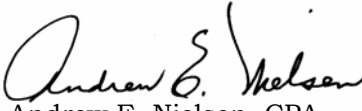
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Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Mary Crystal Berg, CPA, Staff Auditor  
Stephanie A. Bernard, Staff Auditor  
Heather L. Templeton, Staff Auditor  
Tracy L. Haronik, Assistant Auditor  
Michelle L. Harris, Assistant Auditor  
Melissa J. Knoll, Assistant Auditor

  
Andrew E. Nielsen, CPA  
Deputy Auditor of State

## **Statistical Information**

Iowa Public Television  
Statistical Information  
Members and Contributors  
Year ended June 30, 2005

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2005 was as follows:

Contributors	8,903
Active members	56,087
Leadership Circle members	<u>641</u>
Total	<u><u>65,631</u></u>