



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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David A. Vaudt, CPA  
Auditor of State

NEWS RELEASE

FOR RELEASE December 14, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Iowa Public Television for the year ended June 30, 2011. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$12,925,610 for the year, a 4% decrease from the prior year. Revenues included state appropriations of \$8,552,577, gifts and grants of \$2,942,312, charges for service of \$996,449 and federal assistance of \$227,730. The Iowa Public Television Foundation received \$6,479,797 from Foundation memberships and corporate support of \$1,536,907.

Expenditures to operate the educational television network for the year ended June 30, 2011 were as follows:

|                                          | General<br>Fund | Special<br>Revenue<br>Fund | Total      |
|------------------------------------------|-----------------|----------------------------|------------|
| Administration                           | \$ 1,076,679    | 638,161                    | 1,714,840  |
| Engineering and informational technology | 5,202,978       | -                          | 5,202,978  |
| Educational services                     | 749,405         | -                          | 749,405    |
| Programming, operations and production   | 9,231,572       | 2,681,656                  | 11,913,228 |
| Communications and community engagement  | 919,271         | -                          | 919,271    |
| Digital television                       | 583,201         | -                          | 583,201    |
| Total                                    | \$ 17,763,106   | 3,319,817                  | 21,082,923 |

General Fund expenditures decreased 6.4% from the prior year.

A copy of the audit report is available for review in Iowa Public Television's administrative office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1260-2850-0000.pdf>.

# # #



**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

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Iowa Public Television

**Officials**

Name

Title

**State**

**Governor**

Honorable Chester J. Culver  
(Ended during January 2011)

Honorable Terry E. Branstad  
(Began during January 2011)

**Director, Department of Management**

Richard C. Oshlo, Jr.  
(Ended during January 2011)

David Roederer  
(Began during January 2011)

**Director, Legislative Services Agency**

Glen P. Dickinson

**Board**

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

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, 2011, 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 audits. 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 audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits and the report of the other auditor provide a reasonable basis for our opinions.

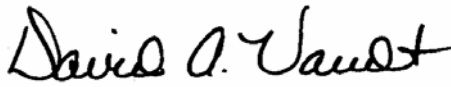
As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2011, and the changes in its financial position for the year ended June 30, 2011 in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits 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 at June 30, 2011, and the respective changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

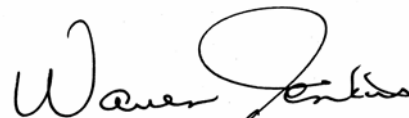
In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2011 on our consideration of Iowa Public Television's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 22, 2011

# **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, 2011. 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 1,000,000 viewers watch IPTV each week. Contributing membership to the IPTV Foundation consists of approximately 55,000 households.

Iowa Public Television operates nine high-power digital transmitters and eight translators. The FCC mandated all commercial and noncommercial television broadcasters convert from analog to digital transmission. With support from the State of Iowa, the U.S. Department of Commerce and the Corporation for Public Broadcasting, IPTV has received or has commitments for the \$47,000,000 estimated cost to complete the digital television conversion. Ninety-nine percent of the digital television conversion budget was incurred as of June 30, 2011.

## **FINANCIAL HIGHLIGHTS**

- In fiscal year 2011, total revenues decreased approximately \$1.5 million. The decrease was partly due to a decrease in operating grants and contributions and a decrease in the state appropriation.
- Program expenses for Iowa Public Television decreased \$373,854 to correspond to the decrease in revenue. Legislatively approved transfers from capitals to operations were also used to manage the decrease in revenue.
- Iowa Public Television implemented Statement Number 54 of the Governmental Accounting Standards Board. This new pronouncement, effective for fiscal year 2011, redefines fund balance reporting and governmental fund type definitions. Therefore, fund balances are now classified as nonspendable, restricted, committed, assigned or unassigned. In addition, the Friends Contribution Account has been reclassified from a Special Revenue Fund to the General Fund. IPTV's fiscal year 2010 financial statements were restated for comparison with fiscal year 2011.

## **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 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 to Iowa Public Television. These basic financial statements also include the Notes to Financial Statements which explain some of the information in the statements and provide more detail. Supplementary information is also in schedule form and provides additional detail.

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

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

One of the most important questions asked about 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 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 IPTV'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 decreased to approximately \$44.5 million at the end of fiscal year 2011 as compared to approximately \$48.9 million at the end of fiscal year 2010.

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

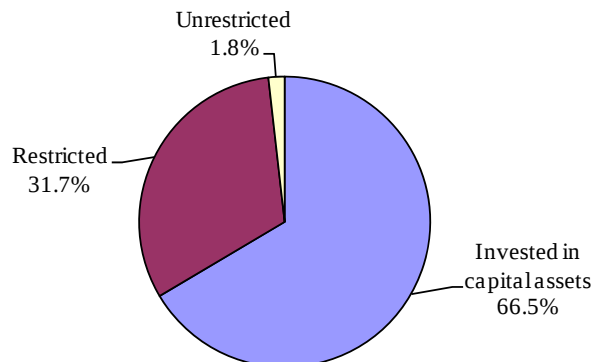
Restricted net assets represent the second largest portion of IPTV's net assets. Much of these restricted net assets will be used for the acquisition or production of programming. This portion also includes endowment assets which are subject to external restrictions on how they may be used. The earnings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

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

**Net Assets of Governmental Activities**

| Assets                     | June 30, 2010 | June 30, 2011 |
|----------------------------|---------------|---------------|
| Current and other assets   | \$ 21,741,068 | 21,396,667    |
| Capital assets             | 34,032,991    | 29,587,573    |
| Total Assets               | 55,774,059    | 50,984,240    |
| Liabilities                |               |               |
| Current liabilities        | 5,032,607     | 4,677,717     |
| Noncurrent liabilities     | 1,826,771     | 1,815,360     |
| Total Liabilities          | 6,859,378     | 6,493,077     |
| Net Assets                 |               |               |
| Invested in capital assets | 34,032,991    | 29,587,573    |
| Restricted                 | 6,498,001     | 14,105,059    |
| Unrestricted               | 8,383,689     | 798,531       |
| Total Net Assets           | \$ 48,914,681 | 44,491,163    |

**FY 2011  
Composition of Net Assets**

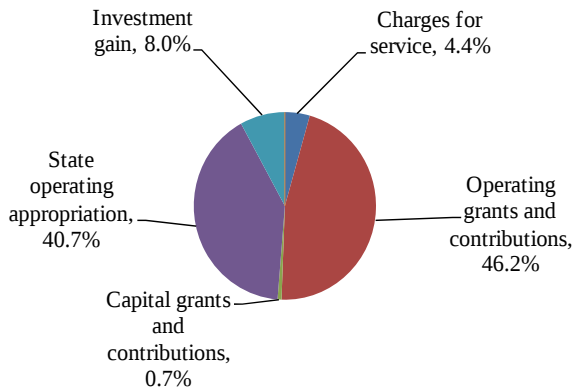


The net assets of IPTV decreased approximately \$4.4 million during fiscal year 2011. Fiscal year 2011 revenues were approximately \$1.5 million less than in fiscal year 2010, primarily due to a decrease in operating grants and contributions. During the year ended June 30, 2011, operating grants and contributions totaled approximately \$9.7 million, or 46.2% 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 2011, IPTV received a state operating appropriation of approximately \$8.6 million, of which approximately \$1 million was passed directly to regional telecommunications councils across the state. The state operating appropriation of \$8.6 million represented 40.7% of total revenues. Fiscal year 2011 expenses were \$373,854 lower than in fiscal year 2010. Programming, operations and production expenses of approximately \$12 million represented 47.1% of total expenses during the fiscal year. The majority of the expenses from the IPTV Foundation are included in programming, operations and production expenses.

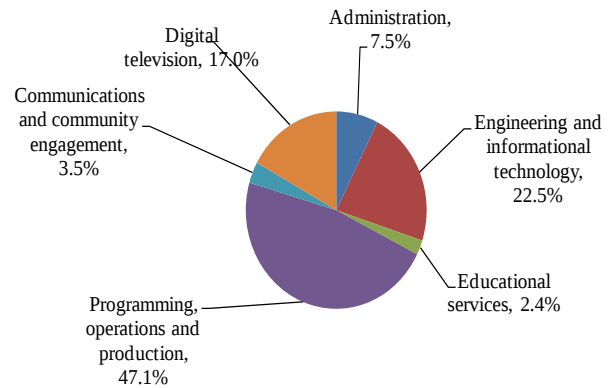
### **Changes in Net Assets of Governmental Activities**

|                                          | Year Ended<br>June 30, 2010 | Year Ended<br>June 30, 2011 |
|------------------------------------------|-----------------------------|-----------------------------|
| Revenues:                                |                             |                             |
| Program revenues:                        |                             |                             |
| Charges for service                      | \$ 917,229                  | 929,378                     |
| Operating grants and contributions       | 11,502,627                  | 9,686,406                   |
| Capital grants and contributions         | 328,333                     | 153,231                     |
| General revenues:                        |                             |                             |
| State operating appropriation            | 9,079,979                   | 8,552,577                   |
| Investment gain                          | 706,227                     | 1,681,624                   |
| Gain on sale of capital assets           | 8,839                       | -                           |
| Total revenues                           | <u>22,543,234</u>           | <u>21,003,216</u>           |
| Program expenses:                        |                             |                             |
| Administration                           | 2,287,867                   | 1,911,265                   |
| Engineering and informational technology | 5,850,936                   | 5,722,774                   |
| Educational services                     | 1,059,441                   | 604,458                     |
| Programming, operations and production   | 11,797,528                  | 11,975,908                  |
| Communications and community engagement  | 1,058,214                   | 897,940                     |
| Digital television                       | 3,746,602                   | 4,314,389                   |
| Total expenses                           | <u>25,800,588</u>           | <u>25,426,734</u>           |
| Change in net assets                     | (3,257,354)                 | (4,423,518)                 |
| Net assets beginning of year             | <u>52,172,035</u>           | <u>48,914,681</u>           |
| Net assets end of year                   | <u>\$ 48,914,681</u>        | <u>44,491,163</u>           |

**FY 2011 Revenues by Source**



**FY 2011 Expenses by Program**



The Notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to 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.

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

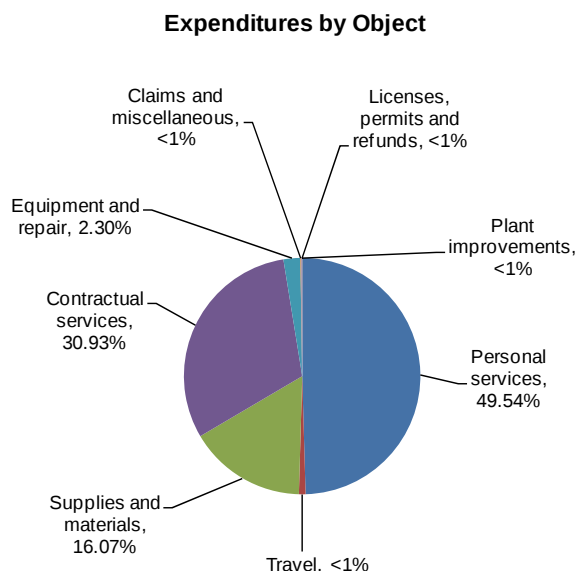
## **FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2011, IPTV reported a combined General Fund balance of approximately \$8.3 million, which is \$636,130 less than the previous year's total of approximately \$8.9 million. IPTV's General Fund expenditures exceeded General Fund revenues by approximately \$4.8 million and approximately \$4.2 million in net transfers were received from the Special Revenue, Iowa Public Television Foundation Fund.

Iowa Public Television's total state appropriation of approximately \$8.6 million represented 66.2% of total General Fund revenues of approximately \$12.9 million. Gifts and grants of approximately \$2.9 million represented 22.8% of total General Fund revenues, while federal assistance of \$227,730 represented 1.8% of total general fund revenues.

Personal services of approximately \$8.8 million represented 50% of General Fund expenditures. Contractual services of approximately \$5.5 million represented 31% of total General Fund expenses of approximately \$17.8 million (see Schedule 3). Contractual services remain a significant expense item. However, much of this expenditure relates to the pass-through of support to other government entities such as local school districts and other educational entities. Other significant expenses include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.



### Special Revenue Fund (Exhibits C and E):

Iowa Public Television's Special Revenue Fund consists of the Iowa Public Television Foundation Fund. As of June 30, 2011, IPTV reported a Special Revenue Fund balance of approximately \$7.2 million. The Special Revenue Fund balance increased approximately \$2.1 million over the fiscal year ended June 30, 2010. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$6 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$9.3 million was comprised mainly of approximately \$6.5 million in membership revenue and approximately \$1.5 million in gifts and grants.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, IPTV's state appropriation was amended three times. In January 2011, there was a decrease of \$618,101 in the appropriation per HF 2531 and an increase of \$350,000 as a result of an appropriation transfer. In April 2011, there was a decrease of \$919 in the appropriation per HF45.

Iowa Public Television's receipts were \$60,190 more than budgeted receipts, a variance of .7%. Iowa Public Television received in-kind and indirect support which was not budgeted. Also, IPTV received more in charges for service than budgeted.

Total disbursements were \$1,684,690 less than budgeted. Actual disbursements for the digital television activities were \$1,707,739 less than budgeted. Total expenses for digital television were budgeted at the amount of funds available to be spent. However, the funds are used over a period of time as towers and equipment are constructed or installed. Funds were carried forward to the next fiscal year for continued digital television conversion expenses.

Iowa Public Television exceeded the budgeted amount in the administration and programming, operations and production functions for the year ended June 30, 2011, primarily due to in-kind and indirect support 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, 2011 was approximately \$60 million, net of accumulated depreciation of approximately \$30.4 million, leaving a net book value of approximately \$29.6 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 \$4.4 million. Depreciation charges for the year totaled approximately \$4.2 million.

Iowa Public Television's fiscal year 2011 capital budget included approximately \$500,000 for capital projects, principally for the completion of two translator sites, completion of master control facilities and purchase of equipment for the production studios, including closed captioning equipment.

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 14, 2011 meeting, the REC decreased the estimate for General Fund tax and other receipts for fiscal year 2012.

The fiscal year 2012 state appropriation for IPTV included in HF 645 decreased 6.77%.

## **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.

**Iowa Public Television**

## **Basic Financial Statements**

**Iowa Public Television**

## Iowa Public Television

## Statement of Net Assets

June 30, 2011

with partial financial information for June 30, 2010

|                                                                                                                    | Governmental<br>Activities |                   |
|--------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|
|                                                                                                                    | 2011                       | 2010              |
| <b>Assets</b>                                                                                                      |                            |                   |
| Current assets:                                                                                                    |                            |                   |
| Cash                                                                                                               | \$ 14,118,920              | 9,921,025         |
| Investments                                                                                                        | 82,509                     | 73,457            |
| Beneficial interest in community trust                                                                             | 14,853                     | -                 |
| Unexpended appropriation                                                                                           | 1,656,994                  | 2,157,018         |
| Accounts receivable, net of allowance for<br>uncollectible accounts of \$1,220 for 2011 and \$0 for 2010           | 134,859                    | 568,173           |
| Pledges receivable, net of allowance for<br>uncollectible accounts of \$151,300 for 2011<br>and \$165,600 for 2010 | 833,949                    | 1,789,052         |
| Due from other state agencies                                                                                      | 133,346                    | 102,446           |
| Restricted assets-cash                                                                                             | 4                          | 4                 |
| Inventory                                                                                                          | 38,629                     | 37,368            |
| Prepaid expenses                                                                                                   | 209,331                    | 226,234           |
| Total current assets                                                                                               | <u>17,223,394</u>          | <u>14,874,777</u> |
| Noncurrent assets:                                                                                                 |                            |                   |
| Investments                                                                                                        | 4,011,173                  | 6,636,691         |
| Pledges receivable                                                                                                 | 162,100                    | 229,600           |
| Capital assets, net                                                                                                | 29,587,573                 | 34,032,991        |
| Total noncurrent assets                                                                                            | <u>33,760,846</u>          | <u>40,899,282</u> |
| <b>Total assets</b>                                                                                                | <u>50,984,240</u>          | <u>55,774,059</u> |
| <b>Liabilities</b>                                                                                                 |                            |                   |
| Current liabilities:                                                                                               |                            |                   |
| Accounts payable                                                                                                   | 853,513                    | 1,322,476         |
| Capital lease purchase agreements                                                                                  | 14,159                     | 20,156            |
| Due to other state agencies                                                                                        | 118,021                    | 123,182           |
| Deferred revenue                                                                                                   | 2,822,437                  | 2,763,134         |
| Compensated absences                                                                                               | 869,587                    | 803,659           |
| Total current liabilities                                                                                          | <u>4,677,717</u>           | <u>5,032,607</u>  |
| Noncurrent liabilities:                                                                                            |                            |                   |
| Accounts payable                                                                                                   | 300,104                    | 410,765           |
| Capital lease purchase agreements                                                                                  | 438                        | 14,597            |
| Compensated absences                                                                                               | 1,214,452                  | 1,188,423         |
| Net OPEB liability                                                                                                 | 300,366                    | 212,986           |
| Total noncurrent liabilities                                                                                       | <u>1,815,360</u>           | <u>1,826,771</u>  |
| <b>Total liabilities</b>                                                                                           | <u>6,493,077</u>           | <u>6,859,378</u>  |
| <b>Net Assets</b>                                                                                                  |                            |                   |
| Invested in capital assets                                                                                         | 29,587,573                 | 34,032,991        |
| Restricted for:                                                                                                    |                            |                   |
| Nonexpendable:                                                                                                     |                            |                   |
| Donor restricted endowment                                                                                         | 1,547,985                  | 1,547,985         |
| Expendable:                                                                                                        |                            |                   |
| Future state vehicle dispatch purchases                                                                            | 4                          | 4                 |
| Acquisition or production of programming                                                                           | 12,557,070                 | 3,173,760         |
| Installation of digital television                                                                                 | -                          | 1,776,252         |
| Unrestricted                                                                                                       | 798,531                    | 8,383,689         |
| <b>Total net assets</b>                                                                                            | <u>\$ 44,491,163</u>       | <u>48,914,681</u> |

See notes to financial statements.

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Iowa Public Television

Statement of Activities

Year ended June 30, 2011  
with partial financial information for the year ended June 30, 2010

|                                          |               | Program Revenues          |                                          |                                        |
|------------------------------------------|---------------|---------------------------|------------------------------------------|----------------------------------------|
|                                          |               | Charges<br>for<br>Service | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
|                                          | Expenses      |                           |                                          |                                        |
| <u>Functions</u>                         |               |                           |                                          |                                        |
| Governmental activities:                 |               |                           |                                          |                                        |
| Administration                           | \$ 1,911,265  | -                         | 59,132                                   | -                                      |
| Engineering and informational technology | 5,722,774     | 286,386                   | -                                        | -                                      |
| Educational services                     | 604,458       | 9,492                     | 176,647                                  | -                                      |
| Programming, operations and production   | 11,975,908    | 569,063                   | 9,450,627                                | -                                      |
| Communications and community engagement  | 897,940       | 64,437                    | -                                        | -                                      |
| Digital television                       | 4,314,389     | -                         | -                                        | 153,231                                |
| Total                                    | \$ 25,426,734 | 929,378                   | 9,686,406                                | 153,231                                |
| General revenues:                        |               |                           |                                          |                                        |
| State appropriation                      |               |                           |                                          |                                        |
| Unrestricted investment gain             |               |                           |                                          |                                        |
| Gain on sale of capital assets           |               |                           |                                          |                                        |
| Total general revenues                   |               |                           |                                          |                                        |
| Change in net assets                     |               |                           |                                          |                                        |
| Net assets beginning of year             |               |                           |                                          |                                        |
| Net assets end of year                   |               |                           |                                          |                                        |

See notes to financial statements.

| <u>Net (Expense)</u><br><u>Revenue and</u><br><u>Change in</u><br><u>Net Assets</u><br><u>2011</u> | <u>Net (Expense)</u><br><u>Revenue and</u><br><u>Change in</u><br><u>Net Assets</u><br><u>2010</u> |
|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| (1,852,133)                                                                                        | (2,168,007)                                                                                        |
| (5,436,388)                                                                                        | (5,560,126)                                                                                        |
| (418,319)                                                                                          | (877,075)                                                                                          |
| (1,956,218)                                                                                        | (399,365)                                                                                          |
| (833,503)                                                                                          | (629,557)                                                                                          |
| <u>(4,161,158)</u>                                                                                 | <u>(3,418,269)</u>                                                                                 |
| <u>(14,657,719)</u>                                                                                | <u>(13,052,399)</u>                                                                                |
| 8,552,577                                                                                          | 9,079,979                                                                                          |
| 1,681,624                                                                                          | 706,227                                                                                            |
| -                                                                                                  | 8,839                                                                                              |
| <u>10,234,201</u>                                                                                  | <u>9,795,045</u>                                                                                   |
| (4,423,518)                                                                                        | (3,257,354)                                                                                        |
| <u>48,914,681</u>                                                                                  | <u>52,172,035</u>                                                                                  |
| <u>\$ 44,491,163</u>                                                                               | <u>48,914,681</u>                                                                                  |

Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2011  
with partial financial information for June 30, 2010

| Assets                                                                                | Special Revenue      |                                   |
|---------------------------------------------------------------------------------------|----------------------|-----------------------------------|
|                                                                                       | General              | Iowa Public Television Foundation |
| Assets:                                                                               |                      |                                   |
| Cash                                                                                  | \$ 9,244,965         | 4,873,955                         |
| Investments                                                                           | -                    | 2,545,697                         |
| Beneficial interest in community trust                                                | -                    | 14,853                            |
| Unexpended appropriation                                                              | 1,656,994            | -                                 |
| Accounts receivable, net of allowance for uncollectible accounts of \$1,220 for 2011  | 133,382              | 1,477                             |
| Pledges receivable, net of allowance for uncollectible accounts of \$151,300 for 2011 | -                    | 996,049                           |
| Due from:                                                                             |                      |                                   |
| Other funds                                                                           | 1,457,093            | -                                 |
| Other state agencies                                                                  | 133,346              | -                                 |
| Restricted assets-cash                                                                | 4                    | -                                 |
| Inventory                                                                             | -                    | 38,629                            |
| Prepaid expenditures                                                                  | 171,375              | 37,956                            |
| <b>Total assets</b>                                                                   | <b>\$ 12,797,159</b> | <b>8,508,616</b>                  |
| <b>Liabilities and Fund Balances</b>                                                  |                      |                                   |
| Liabilities:                                                                          |                      |                                   |
| Accounts payable                                                                      | \$ 464,703           | 255,739                           |
| Due to:                                                                               |                      |                                   |
| Other funds                                                                           | 1,088,743            | 368,350                           |
| Other state agencies                                                                  | 118,021              | -                                 |
| Deferred revenue                                                                      | 2,841,466            | 717,794                           |
| <b>Total liabilities</b>                                                              | <b>4,512,933</b>     | <b>1,341,883</b>                  |
| Fund balances:                                                                        |                      |                                   |
| Nonspendable:                                                                         |                      |                                   |
| Prepaid expenditures and inventory                                                    | 171,375              | 76,585                            |
| Foundation endowment                                                                  | -                    | -                                 |
| Restricted for:                                                                       |                      |                                   |
| Subsequent years' expenditures                                                        | 4                    | -                                 |
| Noncurrent receivables                                                                | -                    | 162,100                           |
| Specific purposes                                                                     | 5,193,201            | 6,928,048                         |
| Committed                                                                             | 2,929,240            | -                                 |
| Unassigned                                                                            | (9,594)              | -                                 |
| <b>Total fund balances</b>                                                            | <b>8,284,226</b>     | <b>7,166,733</b>                  |
| <b>Total liabilities and fund balances</b>                                            | <b>\$ 12,797,159</b> | <b>8,508,616</b>                  |

See notes to financial statements.

| <u>Permanent</u> |            |            |
|------------------|------------|------------|
| Foundation       | Total      | Total      |
| Endowment        | 2011       | 2010       |
| -                | 14,118,920 | 9,921,025  |
| 1,547,985        | 4,093,682  | 6,710,148  |
| -                | 14,853     | -          |
| -                | 1,656,994  | 2,157,018  |
| -                | 134,859    | 568,173    |
| -                | 996,049    | 2,018,652  |
| -                | 1,457,093  | 2,083,519  |
| -                | 133,346    | 102,446    |
| -                | 4          | 4          |
| -                | 38,629     | 37,368     |
| -                | 209,331    | 226,234    |
| 1,547,985        | 22,853,760 | 23,824,587 |

|   |           |           |
|---|-----------|-----------|
| - | 720,442   | 1,200,280 |
| - | 1,457,093 | 2,083,519 |
| - | 118,021   | 123,182   |
| - | 3,559,260 | 4,932,526 |
| - | 5,854,816 | 8,339,507 |

|           |            |            |
|-----------|------------|------------|
| -         | 247,960    | 263,602    |
| 1,547,985 | 1,547,985  | 1,547,985  |
| -         | 4          | 4          |
| -         | 162,100    | 229,600    |
| -         | 12,121,249 | 9,926,689  |
| -         | 2,929,240  | 3,514,794  |
| -         | (9,594)    | 2,406      |
| 1,547,985 | 16,998,944 | 15,485,080 |
| 1,547,985 | 22,853,760 | 23,824,587 |

Iowa Public Television

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

June 30, 2011  
with partial financial information for June 30, 2010

|                                                                                                                                                                                                                                                          | 2011                        |                    | 2010             |                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|------------------|--------------------------|
| <b>Total governmental fund balances (page 21)</b>                                                                                                                                                                                                        | \$ 16,998,944               |                    |                  | 15,485,080               |
| <b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>                                                                                                                                         |                             |                    |                  |                          |
| 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                                                                                                                                                                                                                                   | \$ 29,562,277               |                    | 33,989,134       |                          |
| Iowa Public Television Foundation                                                                                                                                                                                                                        | <u>25,296</u>               | 29,587,573         | <u>43,857</u>    | 34,032,991               |
| 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 Foundation deferred revenue                                                                                                                                                                                                       | 717,794                     |                    | 1,797,195        |                          |
| Iowa Public Television deferred revenue                                                                                                                                                                                                                  | <u>19,029</u>               | 736,823            | <u>372,197</u>   | 2,169,392                |
| 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                                                                                                                                                                                                                        | (14,597)                    |                    | (34,753)         |                          |
| Current compensated absences                                                                                                                                                                                                                             | (869,587)                   |                    | (803,659)        |                          |
| Non-current compensated absences                                                                                                                                                                                                                         | (1,214,452)                 |                    | (1,188,423)      |                          |
| Termination benefits payable, included in accounts payable                                                                                                                                                                                               | (433,175)                   |                    | (532,961)        |                          |
| Other postemployment benefits payable                                                                                                                                                                                                                    | <u>(300,366)</u>            | <u>(2,832,177)</u> | <u>(212,986)</u> | <u>(2,772,782)</u>       |
| <b>Net assets of governmental activities (page 17)</b>                                                                                                                                                                                                   | <u><u>\$ 44,491,163</u></u> |                    |                  | <u><u>48,914,681</u></u> |

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, 2011  
with partial financial information for the year ended June 30, 2010

|                                                           | <u>General</u>             |
|-----------------------------------------------------------|----------------------------|
| Revenues:                                                 |                            |
| State appropriation                                       | \$ 8,552,577               |
| Federal assistance                                        | 227,730                    |
| Receipts from other entities                              | 4,925                      |
| Fees and licenses                                         | 93,937                     |
| Gifts and grants                                          | 2,942,312                  |
| In-kind and indirect support                              | 80,529                     |
| Memberships                                               | -                          |
| Charges for service                                       | 996,449                    |
| Interest on investments                                   | 27,151                     |
| Settlement and collection                                 | -                          |
| Total revenues                                            | <u>12,925,610</u>          |
| Expenditures:                                             |                            |
| Administration                                            | 1,076,679                  |
| Engineering and informational technology                  | 5,202,978                  |
| Educational services                                      | 749,405                    |
| Programming, operations and production                    | 9,231,572                  |
| Communications and community engagement                   | 919,271                    |
| Digital television                                        | 583,201                    |
| Total expenditures                                        | <u>17,763,106</u>          |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,837,496)</u>         |
| Other financing sources (uses):                           |                            |
| Operating transfers in                                    | 8,309,500                  |
| Operating transfers out                                   | <u>(4,108,134)</u>         |
| Total other financing sources (uses)                      | <u>4,201,366</u>           |
| Net change in fund balances                               | (636,130)                  |
| Fund balances beginning of year, as restated              | <u>8,920,356</u>           |
| Fund balances end of year                                 | <u><u>\$ 8,284,226</u></u> |

See notes to financial statements.

| Special Revenue |            |             |             |
|-----------------|------------|-------------|-------------|
| Iowa Public     | Permanent  |             |             |
| Television      | Foundation | Total       | Total       |
| Foundation      | Endowment  | 2011        | 2010        |
| -               | -          | 8,552,577   | 9,079,979   |
| -               | -          | 227,730     | 102,648     |
| -               | -          | 4,925       | 23,680      |
| -               | -          | 93,937      | 67,587      |
| 1,536,907       | -          | 4,479,219   | 5,467,028   |
| -               | -          | 80,529      | 428,274     |
| 6,479,797       | -          | 6,479,797   | 5,090,269   |
| -               | -          | 996,449     | 994,170     |
| 1,270,554       | 383,919    | 1,681,624   | 706,227     |
| -               | -          | -           | 31,870      |
| 9,287,258       | 383,919    | 22,596,787  | 21,991,732  |
| 638,161         | -          | 1,714,840   | 1,746,581   |
| -               | -          | 5,202,978   | 5,437,048   |
| -               | -          | 749,405     | 896,020     |
| 2,681,656       | -          | 11,913,228  | 11,319,138  |
| -               | -          | 919,271     | 963,402     |
| -               | -          | 583,201     | 1,731,746   |
| 3,319,817       | -          | 21,082,923  | 22,093,935  |
| 5,967,441       | 383,919    | 1,513,864   | (102,203)   |
| -               | -          | 8,309,500   | 8,980,782   |
| (3,817,447)     | (383,919)  | (8,309,500) | (8,980,782) |
| (3,817,447)     | (383,919)  | -           | -           |
| 2,149,994       | -          | 1,513,864   | (102,203)   |
| 5,016,739       | 1,547,985  | 15,485,080  | 15,587,283  |
| 7,166,733       | 1,547,985  | 16,998,944  | 15,485,080  |

## 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, 2011  
with partial financial information for the year ended June 30, 2010

|                                                                                                                                                                                                                                                                                                                            | 2011                  | 2010               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|
| <b>Net change in fund balances - Total governmental funds<br/>(page 25)</b>                                                                                                                                                                                                                                                | \$ 1,513,864          | (102,203)          |
| <b><i>Amounts reported for governmental activities in the<br/>Statement of Activities are different because:</i></b>                                                                                                                                                                                                       |                       |                    |
| 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.                                                                                                                                                  | 736,823               | 2,169,392          |
| Governmental funds report revenue in the current year for amounts deferred in prior years because they were not considered available at that time.                                                                                                                                                                         | (2,169,392)           | (1,611,454)        |
| 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                                                                                                                                                                                                                                                                                            | \$ 148,430            | 934,416            |
| Depreciation expense                                                                                                                                                                                                                                                                                                       | (4,164,541)           | (4,187,629)        |
| Iowa Public Television Foundation:                                                                                                                                                                                                                                                                                         |                       |                    |
| Expenditures for capital assets                                                                                                                                                                                                                                                                                            | -                     | 52,766             |
| Depreciation expense                                                                                                                                                                                                                                                                                                       | (18,561)              | (17,567)           |
| In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the gain on the sale.                                                                                                                                               | (410,746)             | (27,316)           |
| 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. | (59,395)              | (467,759)          |
| <b>Change in net assets of governmental activities (page 19)</b>                                                                                                                                                                                                                                                           | <u>\$ (4,423,518)</u> | <u>(3,257,354)</u> |

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2011  
with partial financial information for June 30, 2010

|                             | <u>2011</u>     | <u>2010</u>  |
|-----------------------------|-----------------|--------------|
| <b>Assets</b>               |                 |              |
| Accounts receivable         | <u>\$ 4,790</u> | <u>4,122</u> |
| <b>Liabilities</b>          |                 |              |
| Due to other state agencies | <u>\$ 4,790</u> | <u>4,122</u> |

See notes to financial statements.

Iowa Public Television  
Notes to Financial Statements

June 30, 2011

**(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:

| <u>Digital Transmitters</u>        | <u>Translators</u>                |
|------------------------------------|-----------------------------------|
| KDIN-DT Channel 11, Des Moines     | K28KK-D Channel 28, Decorah       |
| KIIN-DT Channel 12, Iowa City      | K43LX-D Channel 43, Rock Rapids   |
| KTIN-DT, Channel 25, Fort Dodge    | K18GU-TV Channel 18, Ottumwa      |
| KYIN-DT Channel 18, Mason City     | K26JI-D Channel 26, Sibley        |
| KSIN-DT Channel 28, Sioux City     | K28JD-TV Channel 28, Fort Madison |
| KBIN-DT Channel 33, Council Bluffs | K38LE-D Channel 38, Lansing       |
| KRIN-DT Channel 35, Waterloo       | K44AB-TV Channel 44, Keokuk       |
| KHIN-DT Channel 35, Red Oak        | K24IM-TV Channel 24, Keosauqua    |
| KQIN-DT Channel 34, Davenport      |                                   |

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

**A. Reporting Entity**

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

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

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

Iowa Public Television Foundation (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 partial prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with 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, 2010, from which the summarized information was derived.

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

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

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

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

*Expendable 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 preceding categories/components. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

Iowa Public Television reports the following major governmental funds:

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

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, Iowa Public Television considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

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 period are all considered to be susceptible to accrual and 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.

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current 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 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, 2011 and 2010.

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 year for which the appropriation is made unless such goods or services are received on or before June 30. Unobligated balances of operational appropriations at the end of fiscal year 2011, if any, were 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 Iowa Legislature through appropriation or legislative action. Committed amounts cannot be used for any other purpose unless the Iowa Legislature removes or changes the specified use by taking the same action employed to commit those amounts.

Unassigned – All amounts not included in other 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, 2011 and 2010 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, 2011 and 2010, the carrying amount of cash not held by the Treasurer of State was \$4,876,355 and \$612,237, respectively, and the bank balances were \$4,898,011 and \$624,715, respectively. Deposits of \$373,337 and \$420,972, 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, 2011 and 2010. The remaining deposits of \$4,524,674 and \$203,743, 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, 2011 and 2010, the Foundation's investments had fair values of \$4,093,682 and \$6,710,148, respectively.

**(3) Beneficial Interest in Community Trust**

During the year ended June 30, 2011, a donor deposited \$15,000 on behalf of the Foundation in the Community Foundation of Greater Des Moines (Community Foundation). The 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. 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.

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

The detail of interfund receivables and payables at June 30, 2011 and 2010 is as follows:

| Fund                                               | 2011               |                  | 2010             |                  |
|----------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                    | Receivable         | Payable          | Receivable       | Payable          |
| General                                            | \$1,457,093        | 1,088,743        | 2,083,519        | 1,445,095        |
| Special Revenue, Iowa Public Television Foundation | -                  | 368,350          | -                | 638,424          |
| Total                                              | <u>\$1,457,093</u> | <u>1,457,093</u> | <u>2,083,519</u> | <u>2,083,519</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, 2011 is as follows:

|                                           | Balance<br>Beginning<br>of Year | Increases   | Decreases   | Balance<br>End<br>of Year |
|-------------------------------------------|---------------------------------|-------------|-------------|---------------------------|
| <b>Iowa Public Television:</b>            |                                 |             |             |                           |
| Capital assets:                           |                                 |             |             |                           |
| Land, not being depreciated               | \$ 1,340,220                    | 15,000      | (204,551)   | 1,150,669                 |
| Buildings                                 | 7,901,431                       | -           | -           | 7,901,431                 |
| Transmitters                              | 34,410,231                      | 140,784     | (1,072,348) | 33,478,667                |
| Leasehold improvements                    | 60,091                          | -           | -           | 60,091                    |
| Machinery, equipment and vehicles         | 17,213,081                      | 98,853      | -           | 17,311,934                |
| Construction in progress                  | 106,207                         | -           | (106,207)   | -                         |
| Total capital assets                      | 61,031,261                      | 254,637     | (1,383,106) | 59,902,792                |
| Less accumulated depreciation for:        |                                 |             |             |                           |
| Buildings                                 | 4,049,926                       | 345,149     | (14,846)    | 4,380,229                 |
| Transmitters                              | 14,145,082                      | 1,944,632   | (851,307)   | 15,238,407                |
| Leasehold improvements                    | 51,657                          | 2,468       | -           | 54,125                    |
| Machinery, equipment and vehicles         | 8,795,462                       | 1,872,292   | -           | 10,667,754                |
| Total accumulated depreciation            | 27,042,127                      | 4,164,541   | (866,153)   | 30,340,515                |
| Total capital assets, net                 | \$ 33,989,134                   | (3,909,904) | (516,953)   | 29,562,277                |
| <b>Iowa Public Television Foundation:</b> |                                 |             |             |                           |
| Capital assets:                           |                                 |             |             |                           |
| Leasehold improvements                    | \$ 46,237                       | -           | (4,821)     | 41,416                    |
| Machinery, equipment and vehicles         | 442,382                         | -           | (353,422)   | 88,960                    |
| Total capital assets                      | 488,619                         | -           | (358,243)   | 130,376                   |
| Less accumulated depreciation for:        |                                 |             |             |                           |
| Leasehold improvements                    | 40,340                          | 2,762       | (4,821)     | 38,281                    |
| Machinery, equipment and vehicles         | 404,422                         | 15,799      | (353,422)   | 66,799                    |
| Total accumulated depreciation            | 444,762                         | 18,561      | (358,243)   | 105,080                   |
| Total capital assets, net                 | \$ 43,857                       | (18,561)    | -           | 25,296                    |

Capital asset activity for the year ended June 30, 2010 is as follows:

|                                           | Balance<br>Beginning<br>of Year | Increases   | Decreases   | Balance<br>End<br>of Year |
|-------------------------------------------|---------------------------------|-------------|-------------|---------------------------|
| <b>Iowa Public Television:</b>            |                                 |             |             |                           |
| Capital assets:                           |                                 |             |             |                           |
| Land, not being depreciated               | \$ 1,340,220                    | -           | -           | 1,340,220                 |
| Buildings                                 | 7,901,431                       | -           | -           | 7,901,431                 |
| Transmitters                              | 34,110,888                      | 589,203     | (289,860)   | 34,410,231                |
| Leasehold improvements                    | 60,091                          | -           | -           | 60,091                    |
| Machinery, equipment and vehicles         | 17,168,702                      | 982,321     | (937,942)   | 17,213,081                |
| Construction in progress                  | 743,315                         | 106,207     | (743,315)   | 106,207                   |
| Total capital assets                      | 61,324,647                      | 1,677,731   | (1,971,117) | 61,031,261                |
| Less accumulated depreciation for:        |                                 |             |             |                           |
| Buildings                                 | 3,717,420                       | 332,506     | -           | 4,049,926                 |
| Transmitters                              | 12,461,961                      | 1,968,360   | (285,239)   | 14,145,082                |
| Leasehold improvements                    | 49,188                          | 2,469       | -           | 51,657                    |
| Machinery, equipment and vehicles         | 7,826,415                       | 1,884,294   | (915,247)   | 8,795,462                 |
| Total accumulated depreciation            | 24,054,984                      | 4,187,629   | (1,200,486) | 27,042,127                |
| Total capital assets, net                 | \$ 37,269,663                   | (2,509,898) | (770,631)   | 33,989,134                |
| <b>Iowa Public Television Foundation:</b> |                                 |             |             |                           |
| Capital assets:                           |                                 |             |             |                           |
| Leasehold improvements                    | \$ 46,237                       | -           | -           | 46,237                    |
| Machinery, equipment and vehicles         | 389,616                         | 52,766      | -           | 442,382                   |
| Total capital assets                      | 435,853                         | 52,766      | -           | 488,619                   |
| Less accumulated depreciation for:        |                                 |             |             |                           |
| Leasehold improvements                    | 37,579                          | 2,761       | -           | 40,340                    |
| Machinery, equipment and vehicles         | 389,616                         | 14,806      | -           | 404,422                   |
| Total accumulated depreciation            | 427,195                         | 17,567      | -           | 444,762                   |
| Total capital assets, net                 | \$ 8,658                        | 35,199      | -           | 43,857                    |

Depreciation expense for the years ended June 30, 2011 and 2010 was charged to the following functions:

|                                          | Iowa Public<br>Television | Iowa Public<br>Television<br>Foundation | Total<br>2011 | Total<br>2010 |
|------------------------------------------|---------------------------|-----------------------------------------|---------------|---------------|
| Governmental activities:                 |                           |                                         |               |               |
| Administration                           | \$ 236,867                | -                                       | 236,867       | 465,565       |
| Engineering and informational technology | 256,624                   | -                                       | 256,624       | 707,882       |
| Educational services                     | 1,280                     | 18,561                                  | 19,841        | -             |
| Programming, operations and production   | 87,797                    | -                                       | 87,797        | 117,201       |
| Digital television                       | 3,581,973                 | -                                       | 3,581,973     | 2,914,548     |
| Total depreciation expense               | \$ 4,164,541              | 18,561                                  | 4,183,102     | 4,205,196     |

#### (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, 2011, plan members are required to contribute 4.50% of their annual covered salary and Iowa Public Television is required to contribute 6.95% of annual covered payroll. For the year ended June 30, 2010, plan members were required to contribute 4.30% of their annual covered salary and Iowa Public Television was required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. Iowa Public Television's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$447,304, \$428,684 and \$435,938, 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 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, 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, 2011:

| Year<br>Ending<br>June 30, | Minimum<br>Rental<br>Payments |
|----------------------------|-------------------------------|
| 2012                       | \$ 235,300                    |
| 2013                       | 95,451                        |
| 2014                       | 86,628                        |
| 2015                       | 50,913                        |
| 2016                       | 26,469                        |
| 2017-2021                  | 108,042                       |
| 2022-2026                  | 70,154                        |
| 2027-2031                  | 73,659                        |
| 2032-2036                  | 77,341                        |
| 2037-2040                  | 64,324                        |
| Total                      | <u>\$ 888,281</u>             |

Rental expense for the years ended June 30, 2011 and 2010 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$471,768 and \$532,387, 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, 2011 and 2010 include the following:

|                                 | 2011             | 2010           |
|---------------------------------|------------------|----------------|
| Contributed support and in-kind | <u>\$ 80,529</u> | <u>428,274</u> |

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 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, 2011:

| Year<br>Ending<br>June 30, | Minimum<br>Future<br>Rentals |
|----------------------------|------------------------------|
| 2012                       | \$ 221,207                   |
| 2013                       | 211,349                      |
| 2014                       | 160,694                      |
| 2015                       | 159,760                      |
| 2016                       | 168,762                      |
| 2017-2020                  | 348,788                      |
| Total                      | <u>\$ 1,270,560</u>          |

**(10) Capital Lease Purchase Agreements**

The Foundation leases its server and a software program under capital lease purchase agreements with historical costs of \$29,814 and \$22,952, respectively. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 6.675% to 8.58% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2011:

| Year<br>Ending<br>June 30,                     | Total            |
|------------------------------------------------|------------------|
| 2012                                           | \$ 14,729        |
| 2013                                           | 448              |
| Total minimum lease payments                   | 15,177           |
| Less amount representing interest              | <u>(580)</u>     |
| Present value of net minimum<br>lease payments | <u>\$ 14,597</u> |

Payments under capital lease purchase agreements totaled \$20,156 and \$18,013 for the years ended June 30, 2011 and 2010, respectively.

**(11) Interfund Transfers**

The detail of interfund transfers for the years ended June 30, 2011 and 2010 is as follows:

| Fund                                               | 2011         |               | 2010         |               |
|----------------------------------------------------|--------------|---------------|--------------|---------------|
|                                                    | Transfers In | Transfers Out | Transfers In | Transfers Out |
| General                                            | \$ 8,309,500 | 4,108,134     | 8,980,782    | 4,062,837     |
| Special Revenue, Iowa Public Television Foundation | -            | 3,817,447     | -            | 4,720,128     |
| Permanent, Foundation Endowment                    | -            | 383,919       | -            | 197,817       |
| Total                                              | \$ 8,309,500 | 8,309,500     | 8,980,782    | 8,980,782     |

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.

**(12) 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).

**(13) Compensated Absences and Other Postemployment Benefits**

Changes in compensated absences and other postemployment benefit obligations for the years ended June 30, 2011 and 2010 are summarized as follows:

| Year ended June 30, 2011 | Balance<br>Beginning<br>of Year | Increases | Decreases | Balance<br>End<br>of Year | Due<br>Within<br>One Year |
|--------------------------|---------------------------------|-----------|-----------|---------------------------|---------------------------|
| Compensated absences     | \$ 1,992,082                    | 1,126,809 | 1,034,852 | 2,084,039                 | 869,587                   |
| Net OPEB liability       | 212,986                         | 87,380    | -         | 300,366                   | -                         |
| Total                    | \$ 2,205,068                    | 1,214,189 | 1,034,852 | 2,384,405                 | 869,587                   |

| Year ended June 30, 2010 | Balance<br>Beginning<br>of Year | Increases | Decreases | Balance<br>End<br>of Year | Due<br>Within<br>One Year |
|--------------------------|---------------------------------|-----------|-----------|---------------------------|---------------------------|
| Compensated absences     | \$ 2,166,565                    | 1,057,502 | 1,231,985 | 1,992,082                 | 803,659                   |
| Net OPEB liability       | 138,458                         | 74,528    | -         | 212,986                   | -                         |
| Total                    | \$ 2,305,023                    | 1,132,030 | 1,231,985 | 2,205,068                 | 803,659                   |

**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 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 that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick leave hours the employee had before the cash payment:

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

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

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 \$121,101 is included in accounts payable for retirees.

For the year ended June 30, 2011, three employees received benefits totaling \$33,563 under SLIP.

#### State Employee Retirement Incentive Program (SERIP)

On February 10, 2010, the Governor signed into law a 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, 2011 is \$177,876 and the liability for the unused vacation leave and years of service incentive payments at June 30, 2011 is \$134,198.

#### 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 \$378,000,000 for the State of Iowa at June 30, 2011. 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, 2011. 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 \$300,366 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.

#### **(14) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

|                                                                                   | <u>General</u>             | <u>Special Revenue,<br/>Friends<br/>Contribution<br/>Account</u> |
|-----------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------|
| Balances June 30, 2010, as previously reported                                    | \$ 4,422,743               | 4,497,613                                                        |
| Change in fund type classification per implementation of<br>GASB Statement No. 54 | <u>4,497,613</u>           | <u>(4,497,613)</u>                                               |
| Balances July 1, 2010, as restated                                                | <u><u>\$ 8,920,356</u></u> | <u><u>-</u></u>                                                  |

#### **(15) Subsequent Event**

On August 15, 2011, the Iowa Public Broadcasting Board approved a building purchase for \$1,255,500. Iowa Public Television previously leased this building located at 6535 Corporate Drive in Johnston, Iowa. This purchase was funded with a state appropriation.

**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, 2011

|                                                                                                                      | General<br>Fund<br>Actual  | Less<br>Funds not<br>Required to<br>be Budgeted | Net                     |
|----------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------|-------------------------|
| Revenues:                                                                                                            |                            |                                                 |                         |
| State appropriation                                                                                                  | \$ 8,552,577               | -                                               | 8,552,577               |
| Federal assistance                                                                                                   | 227,730                    | 107,730                                         | 120,000                 |
| Receipts from other entities                                                                                         | 4,925                      | -                                               | 4,925                   |
| Fees and licenses                                                                                                    | 93,937                     | 93,937                                          | -                       |
| Gifts and grants                                                                                                     | 2,942,312                  | 2,942,312                                       | -                       |
| In-kind and indirect support                                                                                         | 80,529                     | 21,397                                          | 59,132                  |
| Charges for service                                                                                                  | 996,449                    | 476,634                                         | 519,815                 |
| Interest on investments                                                                                              | 27,151                     | 27,151                                          | -                       |
| Total revenues                                                                                                       | <u>12,925,610</u>          | <u>3,669,161</u>                                | <u>9,256,449</u>        |
| Expenditures:                                                                                                        |                            |                                                 |                         |
| Administration                                                                                                       | 1,076,679                  | -                                               | 1,076,679               |
| Engineering and informational technology                                                                             | 5,202,978                  | -                                               | 5,202,978               |
| Educational services                                                                                                 | 749,405                    | 303,147                                         | 446,258                 |
| Programming, operations and production                                                                               | 9,231,572                  | 7,495,524                                       | 1,736,048               |
| Communications and community engagement                                                                              | 919,271                    | -                                               | 919,271                 |
| Digital television                                                                                                   | 583,201                    | 33,230                                          | 549,971                 |
| Total expenditures                                                                                                   | <u>17,763,106</u>          | <u>7,831,901</u>                                | <u>9,931,205</u>        |
| Excess (deficiency) of revenues over (under) expenditures                                                            | (4,837,496)                | (4,162,740)                                     | (674,756)               |
| Other financing sources, net                                                                                         | <u>4,201,366</u>           | <u>3,930,029</u>                                | <u>271,337</u>          |
| Excess (deficiency) of revenues and other financing<br>sources over (under) expenditures and other<br>financing uses | (636,130)                  | (232,711)                                       | (403,419)               |
| Balance beginning of year, as restated                                                                               | <u>8,920,356</u>           | <u>7,008,462</u>                                | <u>1,911,894</u>        |
| Balance end of year                                                                                                  | <u><u>\$ 8,284,226</u></u> | <u><u>6,775,751</u></u>                         | <u><u>1,508,475</u></u> |

See accompanying independent auditor's report.

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| Budgeted Amounts |             | Final to  |
|------------------|-------------|-----------|
| Original         | Final       | Net       |
|                  |             | Variance  |
| 8,821,597        | 8,552,577   | -         |
| -                | 120,000     | -         |
| -                | 4,925       | -         |
| -                | -           | -         |
| 500              | 500         | (500)     |
| -                | -           | 59,132    |
| 518,257          | 518,257     | 1,558     |
| -                | -           | -         |
| 9,340,354        | 9,196,259   | 60,190    |
| 1,090,236        | 1,049,486   | (27,193)  |
| 5,458,001        | 5,345,293   | 142,315   |
| 831,161          | 458,777     | 12,519    |
| 1,657,264        | 1,571,354   | (164,694) |
| 590,543          | 933,275     | 14,004    |
| 1,738,886        | 2,257,710   | 1,707,739 |
| 11,366,091       | 11,615,895  | 1,684,690 |
| (2,025,737)      | (2,419,636) | 1,744,880 |
| 521,418          | 707,026     | (435,689) |
| (1,504,319)      | (1,712,610) | 1,309,191 |
| 1,504,319        | 1,712,610   | 199,284   |
| -                | -           | 1,508,475 |

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## Iowa Public Television

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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.

### **Other Supplementary Information**

Iowa Public Television

Combining Balance Sheet  
General Fund Accounts

June 30, 2011  
with partial financial information for June 30, 2010

|                                                                                | State<br>Appropriations<br>#001 | CPB<br>Community<br>Service Grant<br>2010-2012<br>#004 | Iowa<br>Infra-<br>structure<br>#017 | CPB<br>Community<br>Service Grant<br>2011-2013<br>#033 | Public<br>Telecomm-<br>unications<br>Facilities Program<br>#059 | Market<br>to<br>Market<br>#069 |
|--------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|-------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|--------------------------------|
| <b>Assets</b>                                                                  |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Cash                                                                           | \$ 2,406                        | 697,518                                                | -                                   | 2,331,011                                              | -                                                               | 113,783                        |
| Unexpended appropriation                                                       | 376,625                         | -                                                      | 1,260,369                           | -                                                      | -                                                               | -                              |
| Accounts receivable, net of allowance<br>for uncollectable accounts of \$1,220 | 23,889                          | -                                                      | 8,090                               | -                                                      | -                                                               | -                              |
| Due from:                                                                      |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Other funds                                                                    | 45,599                          | 5,452                                                  | -                                   | -                                                      | -                                                               | -                              |
| Other state agencies                                                           | 23,587                          | 1,402                                                  | 76,479                              | 2,009                                                  | -                                                               | 106                            |
| Restricted assets-cash                                                         | 4                               | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Prepaid expenditures                                                           | 12,000                          | -                                                      | 159,375                             | -                                                      | -                                                               | -                              |
| <b>Total assets</b>                                                            | <b>\$ 484,110</b>               | <b>704,372</b>                                         | <b>1,504,313</b>                    | <b>2,333,020</b>                                       | <b>-</b>                                                        | <b>113,889</b>                 |
| <b>Liabilities and Fund Equity</b>                                             |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Liabilities:                                                                   |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Accounts payable                                                               | \$ 123,768                      | 64,170                                                 | -                                   | -                                                      | -                                                               | 2,419                          |
| Due to:                                                                        |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Other funds                                                                    | 245,799                         | 158,387                                                | 18,058                              | 2,009                                                  | -                                                               | 784                            |
| Other state agencies                                                           | 112,133                         | 1,701                                                  | 190                                 | -                                                      | -                                                               | 7                              |
| Deferred revenue                                                               | -                               | 480,114                                                | -                                   | 2,331,011                                              | -                                                               | 11,312                         |
| Total liabilities                                                              | 481,700                         | 704,372                                                | 18,248                              | 2,333,020                                              | -                                                               | 14,522                         |
| Fund equity:                                                                   |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Fund balance:                                                                  |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Nonspendable for prepaid<br>expenditures                                       | 12,000                          | -                                                      | 159,375                             | -                                                      | -                                                               | -                              |
| Restricted for:                                                                |                                 |                                                        |                                     |                                                        |                                                                 |                                |
| Subsequent years'<br>expenditures                                              | 4                               | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Specific purposes                                                              | -                               | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Committed                                                                      | -                               | -                                                      | 1,326,690                           | -                                                      | -                                                               | 99,367                         |
| Unassigned                                                                     | (9,594)                         | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Total fund equity                                                              | 2,410                           | -                                                      | 1,486,065                           | -                                                      | -                                                               | 99,367                         |
| <b>Total liabilities and<br/>fund equity</b>                                   | <b>\$ 484,110</b>               | <b>704,372</b>                                         | <b>1,504,313</b>                    | <b>2,333,020</b>                                       | <b>-</b>                                                        | <b>113,889</b>                 |

See accompanying independent auditor's report.

| IPTV<br>Miscel-<br>laneous<br>#085 | Friends<br>Funded<br>Program-<br>ming<br>#303 | Education<br>Telecomm-<br>unications<br>Projects<br>#304 | Marketing<br>and<br>Distribution<br>#308 | Educational<br>and<br>Contractual<br>Services<br>#311 | Capital<br>Equipment<br>Replacement<br>#316 | Friends<br>Contribution<br>Account<br>#713 | Technology<br>Reinvestment<br>#943 | Total<br>2011 | Total<br>2010 |
|------------------------------------|-----------------------------------------------|----------------------------------------------------------|------------------------------------------|-------------------------------------------------------|---------------------------------------------|--------------------------------------------|------------------------------------|---------------|---------------|
| 208,929                            | 705,395                                       | 302,795                                                  | 39,992                                   | 743,557                                               | 278,092                                     | 3,821,487                                  | -                                  | 9,244,965     | 9,311,188     |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | 20,000                             | 1,656,994     | 2,157,018     |
| 30,418                             | 750                                           | 9,781                                                    | 2,096                                    | 39,074                                                | 18,570                                      | 714                                        | -                                  | 133,382       | 565,364       |
| 3,352                              | 393,110                                       | 39,361                                                   | 505                                      | 120,097                                               | 3,643                                       | 845,974                                    | -                                  | 1,457,093     | 2,083,519     |
| 298                                | 1,002                                         | 10,013                                                   | 33                                       | 15,664                                                | 276                                         | 2,477                                      | -                                  | 133,346       | 102,446       |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | -                                  | 4             | 4             |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | -                                  | 171,375       | 196,875       |
| 242,997                            | 1,100,257                                     | 361,950                                                  | 42,626                                   | 918,392                                               | 300,581                                     | 4,670,652                                  | 20,000                             | 12,797,159    | 14,416,414    |
| -                                  | 7,092                                         | 3,258                                                    | 65                                       | 263,931                                               | -                                           | -                                          | -                                  | 464,703       | 792,450       |
| 648                                | 507,571                                       | 42,041                                                   | 74                                       | 104,092                                               | -                                           | 9,280                                      | -                                  | 1,088,743     | 1,445,095     |
| 829                                | 1,511                                         | 633                                                      | 4                                        | 234                                                   | -                                           | 779                                        | -                                  | 118,021       | 123,182       |
| 1,502                              | -                                             | -                                                        | -                                        | 17,527                                                | -                                           | -                                          | -                                  | 2,841,466     | 3,135,331     |
| 2,979                              | 516,174                                       | 45,932                                                   | 143                                      | 385,784                                               | -                                           | 10,059                                     | -                                  | 4,512,933     | 5,496,058     |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | -                                  | 171,375       | 196,875       |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | -                                  | 4             | 4             |
| -                                  | -                                             | -                                                        | -                                        | 532,608                                               | -                                           | 4,660,593                                  | -                                  | 5,193,201     | 5,206,277     |
| 240,018                            | 584,083                                       | 316,018                                                  | 42,483                                   | -                                                     | 300,581                                     | -                                          | 20,000                             | 2,929,240     | 3,514,794     |
| -                                  | -                                             | -                                                        | -                                        | -                                                     | -                                           | -                                          | -                                  | (9,594)       | 2,406         |
| 240,018                            | 584,083                                       | 316,018                                                  | 42,483                                   | 532,608                                               | 300,581                                     | 4,660,593                                  | 20,000                             | 8,284,226     | 8,920,356     |
| 242,997                            | 1,100,257                                     | 361,950                                                  | 42,626                                   | 918,392                                               | 300,581                                     | 4,670,652                                  | 20,000                             | 12,797,159    | 14,416,414    |

Iowa Public Television

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

Year ended June 30, 2011  
with partial financial information for the year ended June 30, 2010

|                                                                                                                         | State<br>Appropri-<br>ations<br>#001 | CPB<br>Community<br>Service Grant<br>2010-2012<br>#004 | Iowa<br>Infra-<br>structure<br>#017 | CPB<br>Community<br>Service Grant<br>2011-2013<br>#033 | Public<br>Telecomm-<br>unications<br>Facilities Program<br>#059 | Market<br>to<br>Market<br>#069 |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------|-------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|--------------------------------|
| Revenues:                                                                                                               |                                      |                                                        |                                     |                                                        |                                                                 |                                |
| State appropriation                                                                                                     | \$ 8,552,577                         | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Federal assistance                                                                                                      | -                                    | -                                                      | 100,000                             | -                                                      | 33,230                                                          | -                              |
| Receipts from other entities                                                                                            | 4,925                                | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Fees and licenses                                                                                                       | -                                    | -                                                      | -                                   | -                                                      | -                                                               | 64,903                         |
| Gifts and grants                                                                                                        | -                                    | 1,889,308                                              | -                                   | 495,718                                                | 271,067                                                         | -                              |
| In-kind and indirect support                                                                                            | 59,132                               | -                                                      | -                                   | -                                                      | -                                                               | 20,018                         |
| Charges for service                                                                                                     | 360,315                              | -                                                      | 159,500                             | -                                                      | -                                                               | -                              |
| Interest on investments                                                                                                 | -                                    | 6,299                                                  | -                                   | 2,959                                                  | -                                                               | 319                            |
| Settlement and collection                                                                                               | -                                    | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Total revenues                                                                                                          | 8,976,949                            | 1,895,607                                              | 259,500                             | 498,677                                                | 304,297                                                         | 85,240                         |
| Expenditures:                                                                                                           |                                      |                                                        |                                     |                                                        |                                                                 |                                |
| Administration                                                                                                          | 1,076,679                            | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Engineering and informational technology                                                                                | 5,202,978                            | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Educational services                                                                                                    | 446,258                              | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Programming, operations and production                                                                                  | 1,736,048                            | 1,889,308                                              | -                                   | 451,169                                                | -                                                               | 174,968                        |
| Communications and community engagement                                                                                 | 919,271                              | -                                                      | -                                   | -                                                      | -                                                               | -                              |
| Digital television                                                                                                      | -                                    | -                                                      | 549,887                             | -                                                      | 33,230                                                          | -                              |
| Total expenditures                                                                                                      | 9,381,234                            | 1,889,308                                              | 549,887                             | 451,169                                                | 33,230                                                          | 174,968                        |
| Excess (deficiency) of revenues<br>over (under) expenditures                                                            | (404,285)                            | 6,299                                                  | (290,387)                           | 47,508                                                 | 271,067                                                         | (89,728)                       |
| Other financing sources (uses):                                                                                         |                                      |                                                        |                                     |                                                        |                                                                 |                                |
| Operating transfers in                                                                                                  | 404,285                              | -                                                      | 271,067                             | -                                                      | -                                                               | 100,150                        |
| Operating transfers out                                                                                                 | -                                    | (6,299)                                                | -                                   | (47,508)                                               | (271,067)                                                       | -                              |
| Total other financing sources (uses)                                                                                    | 404,285                              | (6,299)                                                | 271,067                             | (47,508)                                               | (271,067)                                                       | 100,150                        |
| Excess (deficiency) of<br>revenues and other financing sources<br>over (under) expenditures<br>and other financing uses | -                                    | -                                                      | (19,320)                            | -                                                      | -                                                               | 10,422                         |
| Fund balance beginning of year, as restated                                                                             | 2,410                                | -                                                      | 1,505,385                           | -                                                      | -                                                               | 88,945                         |
| Fund balance end of year                                                                                                | \$ 2,410                             | -                                                      | 1,486,065                           | -                                                      | -                                                               | 99,367                         |

See accompanying independent auditor's report.

| IPTV<br>Miscel-<br>laneous<br>#085 | Friends<br>Funded<br>Program-<br>ming<br>#303 | Education<br>Telecomm-<br>unications<br>Projects<br>#304 | Marketing<br>and<br>Distri-<br>bution<br>#308 | Educational<br>and<br>Contractual<br>Services<br>#311 | Capital<br>Equipment<br>Replacement<br>#316 | Friends<br>Contribution<br>Account<br>#713 | Technology<br>Reinvestment<br>#943 | Total<br>2011 | Total<br>2010 |
|------------------------------------|-----------------------------------------------|----------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------|---------------------------------------------|--------------------------------------------|------------------------------------|---------------|---------------|
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | 8,552,577     | 9,079,979     |
| -                                  | -                                             | 59,500                                                   | -                                             | 15,000                                                | -                                           | -                                          | 20,000                             | 227,730       | 102,648       |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | 4,925         | 23,680        |
| 15,089                             | 750                                           | -                                                        | 13,195                                        | -                                                     | -                                           | -                                          | -                                  | 93,937        | 67,587        |
| 29,333                             | -                                             | 24,588                                                   | 1,272                                         | 231,026                                               | -                                           | -                                          | -                                  | 2,942,312     | 2,679,875     |
| -                                  | -                                             | -                                                        | -                                             | 1,379                                                 | -                                           | -                                          | -                                  | 80,529        | 428,274       |
| 6,512                              | -                                             | 159,970                                                  | 2,280                                         | 267,661                                               | 40,211                                      | -                                          | -                                  | 996,449       | 994,170       |
| 1,209                              | 5,114                                         | 1,258                                                    | 98                                            | 2,851                                                 | 838                                         | 6,206                                      | -                                  | 27,151        | 57,612        |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | -             | 31,870        |
| 52,143                             | 5,864                                         | 245,316                                                  | 16,845                                        | 517,917                                               | 41,049                                      | 6,206                                      | 20,000                             | 12,925,610    | 13,465,695    |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | 1,076,679     | 1,169,739     |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | 5,202,978     | 5,437,048     |
| -                                  | -                                             | 303,147                                                  | -                                             | -                                                     | -                                           | -                                          | -                                  | 749,405       | 896,020       |
| 380,439                            | 2,933,259                                     | -                                                        | 2,954                                         | 1,600,071                                             | -                                           | 63,356                                     | -                                  | 9,231,572     | 8,837,441     |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | -                                  | 919,271       | 963,402       |
| -                                  | -                                             | -                                                        | -                                             | -                                                     | -                                           | -                                          | 84                                 | 583,201       | 1,731,746     |
| 380,439                            | 2,933,259                                     | 303,147                                                  | 2,954                                         | 1,600,071                                             | -                                           | 63,356                                     | 84                                 | 17,763,106    | 19,035,396    |
| (328,296)                          | (2,927,395)                                   | (57,831)                                                 | 13,891                                        | (1,082,154)                                           | 41,049                                      | (57,150)                                   | 19,916                             | (4,837,496)   | (5,569,701)   |
| 80,405                             | 2,974,623                                     | 62,501                                                   | 140,967                                       | 1,109,347                                             | 52,871                                      | 3,113,284                                  | -                                  | 8,309,500     | 8,980,782     |
| -                                  | (79,248)                                      | (64,993)                                                 | (138,601)                                     | (203,249)                                             | -                                           | (2,893,154)                                | (404,015)                          | (4,108,134)   | (4,062,837)   |
| 80,405                             | 2,895,375                                     | (2,492)                                                  | 2,366                                         | 906,098                                               | 52,871                                      | 220,130                                    | (404,015)                          | 4,201,366     | 4,917,945     |
| (247,891)                          | (32,020)                                      | (60,323)                                                 | 16,257                                        | (176,056)                                             | 93,920                                      | 162,980                                    | (384,099)                          | (636,130)     | (651,756)     |
| 487,909                            | 616,103                                       | 376,341                                                  | 26,226                                        | 708,664                                               | 206,661                                     | 4,497,613                                  | 404,099                            | 8,920,356     | 9,572,112     |
| 240,018                            | 584,083                                       | 316,018                                                  | 42,483                                        | 532,608                                               | 300,581                                     | 4,660,593                                  | 20,000                             | 8,284,226     | 8,920,356     |

**Schedule 3**

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## Iowa Public Television

Schedule of Expenditures by Object  
General FundYear ended June 30, 2011  
with partial financial information for the year ended June 30, 2010

|                                | <u>2011</u>          | <u>2010</u>       |
|--------------------------------|----------------------|-------------------|
| Personal services              | \$ 8,798,215         | 8,706,451         |
| Travel                         | 161,962              | 101,235           |
| Supplies and materials         | 2,854,038            | 2,885,473         |
| Contractual services           | 5,494,488            | 6,210,311         |
| Equipment and repair           | 409,018              | 1,087,560         |
| Claims and miscellaneous       | 26,134               | 10,000            |
| Licenses, permits, and refunds | 755                  | 657               |
| Plant improvements             | 18,496               | 32,237            |
| State aid and credits          | -                    | 1,472             |
| Total                          | <u>\$ 17,763,106</u> | <u>19,035,396</u> |

See accompanying independent auditor's report.

## Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2011

|                             | Balance<br>Beginning<br>of Year | Additions | Deductions | Balance<br>End<br>of Year |
|-----------------------------|---------------------------------|-----------|------------|---------------------------|
| <b>Assets</b>               |                                 |           |            |                           |
| Cash                        | \$ -                            | 32,629    | 32,629     | -                         |
| Accounts receivable         | 4,122                           | 4,790     | 4,122      | 4,790                     |
| Total assets                | \$ 4,122                        | 37,419    | 36,751     | 4,790                     |
| <b>Liabilities</b>          |                                 |           |            |                           |
| Due to other state agencies | \$ 4,122                        | 4,790     | 4,122      | 4,790                     |

See accompanying independent auditor's report.

**Iowa Public Television**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on 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, 2011, which collectively comprise the basic financial statements listed in the table of contents, and have issued our report thereon dated November 22, 2011. 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. 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, we considered Iowa Public Television's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Public Television's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Public Television's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

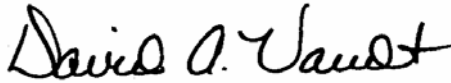
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

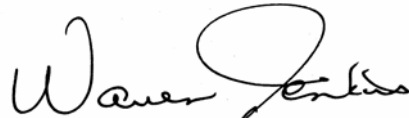
As part of obtaining reasonable assurance about whether Iowa Public Television's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which 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 22, 2011

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Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Jennifer L. Wall, CPA, Senior Auditor II  
James R. Wittenwyler, Senior Auditor  
Tiffany M. Ainger, Staff Auditor  
Cory A. Lee, Assistant Auditor  
Matthew R. DeJong, Audit Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized "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, 2011

The number of individuals making contributions to Iowa Public Television Foundation during the year ended June 30, 2011 was as follows:

|                           |                      |
|---------------------------|----------------------|
| Contributors              | 6,188                |
| Active members            | 47,473               |
| Leadership Circle members | <u>858</u>           |
| Total                     | <u><u>54,519</u></u> |

See accompanying independent auditor's report.