

OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ December 23, 2015

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Iowa Public Television for the year ended June 30, 2015. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$13,406,612 for the year ended June 30, 2015, a 0.3% decrease from the prior year. Revenues included a state appropriation of \$8,791,846, gifts and grants of \$2,372,516, charges for service of \$1,025,326 and federal assistance of \$91,506. The Iowa Public Television Foundation received \$5,693,899 from Foundation memberships and corporate support of \$2,793,345.

Expenditures to operate the educational television network for the year ended June 30, 2015 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 2,743,053	-	2,743,053
Engineering and informational technology	4,123,434	-	4,123,434
Educational services	1,444,470	-	1,444,470
Programming, operations and production	7,544,891	-	7,544,891
Communications and community engagement	1,201,339	-	1,201,339
Digital television	37,500	-	37,500
Fundraising services	-	3,444,853	3,444,853
Total	\$ 17,094,687	3,444,853	20,539,540

General Fund expenditures during the year ended June 30, 2015 decreased 0.3% 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/1660-2850-0000.pdf>.

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**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

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**Iowa Public Television**

**Officials**

Name

Title

**State**

Honorable Terry E. Branstad  
David Roederer  
Glen P. Dickinson

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Board**

Gary Steinke  
Brent Siegrist  
Charles C. Edwards  
Kevin W. Krause  
Jason L. Giles  
Courtney Maxwell Greene  
Kelli Grubbs  
Sherry Bates  
Bruce McKee

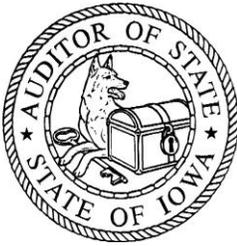
President  
Vice President  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**Agency**

Molly M. Phillips  
Kristine Houston  
Lori J. Smith

Executive Director  
Director of Administration  
Business Manager

**Iowa Public Television**



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**STATE OF IOWA**

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report

To the Board Members of  
Iowa Public Television:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise Iowa Public Television's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Iowa Public Television Foundation, a component unit which represents 100% of the assets and revenues of the Special Revenue Fund and 100% of the assets and revenues of the Permanent Fund. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Iowa Public Television Foundation, is based solely on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards.

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

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

## Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Iowa Public Television as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of Matters

As discussed in Note 1, the financial statements of Iowa Public Television present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 14, Iowa Public Television adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter

## Report on Summarized Comparative Information

We previously audited the financial statements of Iowa Public Television for the year ended June 30, 2014, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions on pages 9 through 14 and 46 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa Public Television's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been audited by us and, accordingly, we do not express an opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2015 on our consideration of Iowa Public Television's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Iowa Public Television's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 4, 2015

**Iowa Public Television**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION AND REPORTING ENTITY**

Management of Iowa Public Television (IPTV) provides this "Management's Discussion and Analysis" of IPTV's annual financial statements. This narrative overview and analysis of the financial activities of IPTV is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with IPTV's financial statements which follow the discussion.

Iowa Public Television is Iowa's statewide public broadcasting network. IPTV is an autonomous state agency under the umbrella of the Iowa Department of Education. The Iowa Public Broadcasting Board, the broadcast licensee, governs IPTV and sets general programming objectives and policy guidelines. The nine-member Iowa Public Broadcasting Board is appointed per the Code of Iowa. Four members are appointed by the Governor and must include one member from the business community not working in television and telecommunications, one member with experience or knowledge about the television industry, one member from the membership of a fund-raising non-profit organization assisting IPTV and one member from the general public. The remainder of the board consists of one member appointed by each of the following organizations: the state association of private colleges and universities, the superintendents of the Community Colleges, the administrators of the Area Education Agencies, the State Board of Regents and the State Board of Education.

Iowa Public Television operates technical and production facilities which permit the creation and distribution of programming and educational products and services responsive to the varied interests of Iowans. IPTV is the state's largest provider of information and entertainment programming about Iowa. More than 2,000,000 viewers watch IPTV each month. Contributing membership to the IPTV Foundation consists of approximately 50,000 households.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year (FY) 2015, total revenues decreased approximately \$3 million. This is due in part to approximately \$1.4 million received in fiscal year 2014 from a federal grant for capitalized emergency backup generator systems at eight transmitter sites. In addition, during fiscal year 2014, approximately \$1.3 million was received for fundraising services, a large part of which was for the endowment and subject to external restriction on how it may be used.
- Program expenses during fiscal year 2015 decreased \$355,383 from the prior year.
- As more fully described below, IPTV's net position as of July 1, 2014, was restated by \$5,078,710 to \$35,459,325 to implement new pension accounting and reporting requirements.

### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to IPTV's basic financial statements. Iowa Public Television's basic financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of IPTV as a whole and present a longer-term view of IPTV's finances. The activity of the IPTV Foundation is shown in the Special Revenue Fund and the Permanent Fund financial statements. These financial statements show how the Foundation raised and used funds for the purpose of providing membership and fundraising services to Iowa Public Television. These basic financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Required Supplementary Information includes Iowa Public Television's proportionate share of the net pension liability and related contributions. Supplemental information is also in schedule form and provides additional detail.

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

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

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

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

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

## **ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. Iowa Public Television's combined net position decreased to approximately \$34.4 million at the end of fiscal year 2015 as compared to the restated net position of approximately \$35.5 million at July 1, 2014.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by approximately \$5 million to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 for the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources were not restated. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

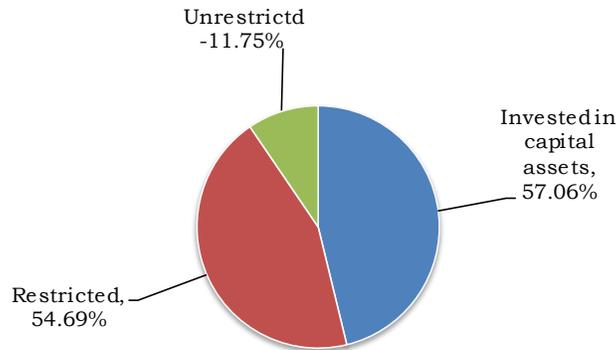
Restricted net position represents the second largest portion of IPTV's net position. Much of the restricted net position will be used for the acquisition or production of programming. This portion also includes endowment assets which are subject to external restrictions on how they may be used. The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

The remaining portion represents unrestricted net position and is available to be used to meet IPTV's ongoing obligations to vendors. The negative fund balance at the end of fiscal year 2015 is primarily due to compensated absences, other postemployment benefits and net pension liability benefits which are unfunded.

**Net Position of Governmental Activities**

Assets	June 30, 2015	June 30, 2014 (not restated)
Current and other assets	\$ 26,413,651	25,213,873
Capital assets, net	19,655,321	21,501,791
Total Assets	46,068,972	46,715,664
Deferred outflows of resources	801,267	-
Liabilities		
Current liabilities	5,183,022	4,525,316
Noncurrent liabilities	5,606,986	1,652,313
Total Liabilities	10,790,008	6,177,629
Deferred inflows of resources	1,631,891	-
Net Position		
Invested in capital assets	19,655,321	21,501,791
Restricted	18,841,460	19,123,237
Unrestricted	(4,048,441)	(86,993)
Total Net Position	\$ 34,448,340	40,538,035

**FY 2015  
Composition of Net Position**

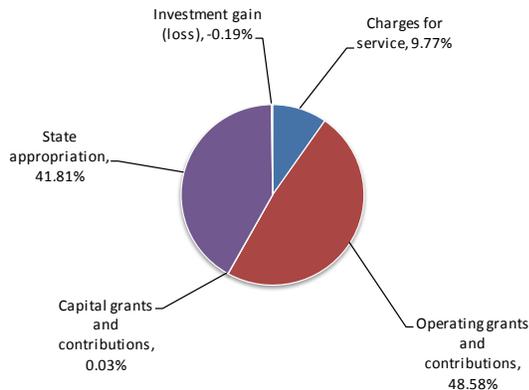


- After the effect of the restatement, the net position of IPTV decreased approximately \$1 million during fiscal year 2015. Fiscal year 2015 revenues were approximately \$3.1 million less than in fiscal year 2014. Operating grants and contributions revenue of approximately \$10.2 million, a decrease from the prior year, represented 48.6% 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 2015, IPTV received a state appropriation of approximately \$8.8 million, which represented 41.8% of total revenues. Fiscal year 2015 expenses were \$355,383 less than in fiscal year 2014. Programming and production expenses of approximately \$7.4 million represented 33.7% of total expenses during the fiscal year. Iowa Public Television Foundation expenses represented 15.6% of total expenses.

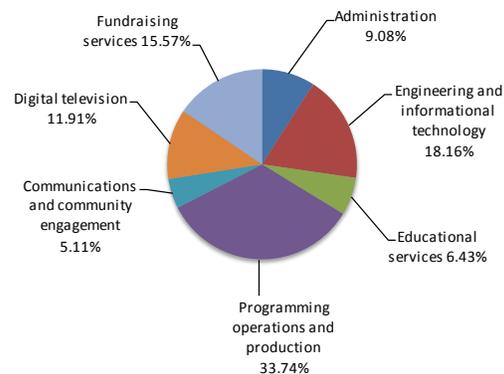
**Changes in Net Position of Governmental Activities**

	Year Ended June 30, 2015	Year Ended June 30, 2014 (not restated)
Revenues:		
Program revenues:		
Charges for service	\$ 2,055,340	969,065
Operating grants and contributions	10,214,635	11,719,217
Capital grants and contributions	5,400	1,357,749
General revenues:		
State appropriation	8,791,846	8,410,633
Investment gain (loss)	(39,461)	1,679,334
Gain on sale of capital assets	-	21,049
<b>Total revenues</b>	<b>21,027,760</b>	<b>24,157,047</b>
Program expenses:		
Administration	2,001,277	2,065,402
Engineering and informational technology	4,012,419	4,958,935
Educational services	1,416,075	1,314,091
Programming, operations and production	7,435,146	6,310,333
Communications and community engagement	1,118,362	1,216,581
Digital television	2,624,113	3,068,907
Fundraising services	3,431,353	3,459,879
<b>Total expenses</b>	<b>22,038,745</b>	<b>22,394,128</b>
Change in net position	(1,010,985)	1,762,919
Net position beginning of year, as restated	35,459,325	38,775,116
Net position end of year	<b>\$ 34,448,340</b>	<b>40,538,035</b>

**FY 2015 Revenues by Source**



**FY 2015 Expenses by Program**



The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found beginning on page 28.

Required Supplementary Information begins on page 46 and includes a comparison of Budget and Actual for the General Fund and information on IPTV's proportionate share of the net pension liability and IPTV's related contributions.

Supplementary Information begins on page 54 and provides detailed information about the individual funds and accounts and expenditures by object.

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

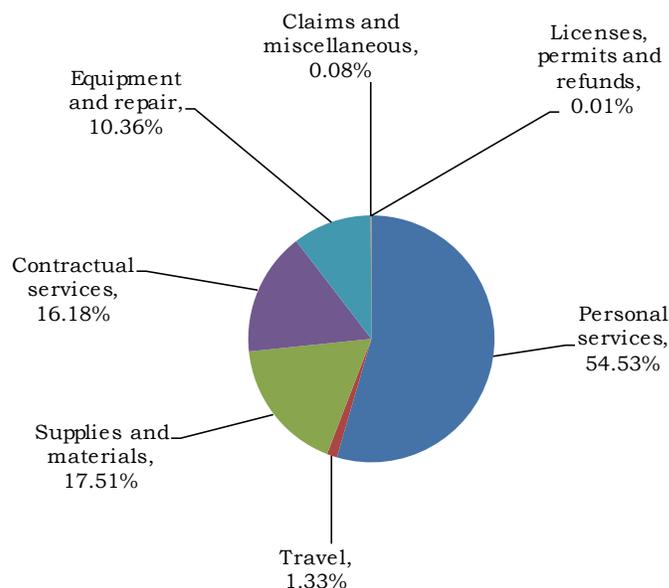
General Fund (Exhibits C and E):

As of June 30, 2015, IPTV reported a combined General Fund balance of approximately \$8.4 million, which is \$674,494 more than the previous year's total. IPTV's General Fund expenditures exceeded General Fund revenues by approximately \$3.7 million and approximately \$4.4 million in net transfers were received from the Special Revenue Fund and the Permanent Fund.

Iowa Public Television's state appropriation of approximately \$8.8 million represents 65.6% of total General Fund revenues of approximately \$13.4 million. Gifts and grants of approximately \$2.4 million represent 17.7% of total General Fund revenues, while Federal assistance of \$91,506 represents .7% of total General Fund revenues.

Personal services of approximately \$9.3 million represents 54.5% of General Fund expenditures. Contractual services of approximately \$2.8 million represents 16.2% of total General Fund expenses of approximately \$17 million (see Schedule 3). Contractual services remain a significant expense item. Other significant expenses include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.

**Expenditures by Object**



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

Iowa Public Television's Special Revenue Fund consists of the Iowa Public Television Foundation. As of June 30, 2015, IPTV reported a Special Revenue Fund balance of approximately \$10.5 million. The Special Revenue Fund balance increased \$628,635 over the fiscal year ended June 30, 2014. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$5 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$8.5 million was comprised mainly of approximately \$5.7 million in membership revenue and approximately \$2.8 million in gifts and grants.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Iowa Public Television's receipts were approximately \$1 million more than budgeted receipts, a variance of 11.3%. Iowa Public Television received in-kind and indirect support not budgeted, including an HVAC project funded by the State of Iowa's Major Maintenance.

Total disbursements were \$12,323 more than budgeted. IPTV budgeted \$160,000 for the replacement of inductive output tubes (IOTs). However, no IOTs needed to be replaced in FY 2015 so these funds will be available for the replacement of IOTs in FY 2016.

Iowa Public Television exceeded the budgeted amounts in the administration and programming, operations and production for the year ended June 30, 2015, 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, 2015 was approximately \$60.6 million, net of accumulated depreciation of approximately \$40.9 million, leaving a net book value of approximately \$19.7 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 \$1.8 million. Depreciation charges for the year totaled approximately \$3.2 million.

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

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

State General Fund revenue estimates are generated by the Iowa Revenue Estimating Conference (REC). The REC is comprised of the Governor or his designee, the Director of the Legislative Services Agency, and a third person agreed upon by the other two members. At the October 13, 2015 meeting, the REC decreased the estimate for General Fund tax and other receipts for fiscal year 2016.

The fiscal year 2016 state appropriation for IPTV increased 3.6%, or \$282,000.

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

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

## **Basic Financial Statements**

**Iowa Public Television**

Iowa Public Television  
Statement of Net Position  
June 30, 2015  
with summarized comparative information for June 30, 2014

	Governmental Activities	
	2015	2014 (not restated)
<b>Assets</b>		
Current assets:		
Cash	\$ 11,331,293	10,872,674
Investments	2,127,656	103,653
Beneficial interest in community trust	43,982	45,513
Unexpended appropriation	1,479,394	243,830
Accounts receivable	57,258	102,849
Pledges receivable, net of allowance for uncollectible accounts of \$115,400 for 2015 and \$174,000 for 2014	1,468,083	2,355,554
Due from other state agencies	89,427	109,456
Due from federal government	19,236	-
Restricted assets - cash	67,324	108,217
Inventory	35,987	26,072
Prepaid expenses	246,382	217,855
Total current assets	<u>16,966,022</u>	<u>14,185,673</u>
Noncurrent assets:		
Investments	9,307,129	10,791,300
Pledges receivable	140,500	236,900
Capital assets, net of accumulated depreciation	19,655,321	21,501,791
Total noncurrent assets	<u>29,102,950</u>	<u>32,529,991</u>
<b>Total assets</b>	<u>46,068,972</u>	<u>46,715,664</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	801,267	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	927,130	938,455
Due to other state agencies	41,285	47,829
Advances from grantors	3,347,524	2,691,424
Compensated absences	867,083	847,608
Total current liabilities	<u>5,183,022</u>	<u>4,525,316</u>
Noncurrent liabilities:		
Accounts payable	78,645	129,554
Compensated absences	1,018,300	1,012,951
Net pension liability	3,924,898	
Net OPEB liability	585,143	509,808
Total noncurrent liabilities	<u>5,606,986</u>	<u>1,652,313</u>
<b>Total liabilities</b>	<u>10,790,008</u>	<u>6,177,629</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	1,631,891	-
<b>Net Position</b>		
Net investment in capital assets	19,655,321	21,501,791
Restricted for:		
Nonexpendable - Donor restricted endowment	1,965,149	1,866,885
Expendable:		
Future state vehicle dispatch purchases	67,324	108,217
Acquisition or production of programming	16,808,987	17,148,135
Unrestricted	<u>(4,048,441)</u>	<u>(86,993)</u>
<b>Total net position</b>	<u>\$ 34,448,340</u>	<u>40,538,035</u>

See notes to financial statements.

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Iowa Public Television

Statement of Activities

Year ended June 30, 2015

with summarized comparative information for the year ended June 30, 2014

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions</u>				
Governmental activities:				
Administration	\$ 2,001,277	957,500	661,811	-
Engineering and informational technology	4,012,419	349,504	285,006	5,400
Educational services	1,416,075	436,413	192,827	-
Programming, operations and production	7,435,146	311,923	921,924	-
Communications and community engagement	1,118,362	-	457,974	-
Digital television	2,624,113	-	-	-
Fundraising services	3,431,353	-	7,695,093	-
Total	<u>\$ 22,038,745</u>	<u>2,055,340</u>	<u>10,214,635</u>	<u>5,400</u>
General revenues:				
State appropriation				
Unrestricted investment gain (loss)				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Change in Net Postion 2015	Net (Expense) Revenue and Change in Net Position 2014 (not restated)
(381,966)	(2,023,966)
(3,372,509)	(3,236,408)
(786,835)	(898,158)
(6,201,299)	(3,486,139)
(660,388)	(1,216,581)
(2,624,113)	(3,068,907)
4,263,740	5,582,062
(9,763,370)	(8,348,097)
8,791,846	8,410,633
(39,461)	1,679,334
-	21,049
8,752,385	10,111,016
(1,010,985)	1,762,919
35,459,325	38,775,116
<u>\$ 34,448,340</u>	<u>40,538,035</u>

Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2015

with summarized comparative information for June 30, 2014

Assets	Special Revenue	
	General	Iowa Public Television Foundation
Assets:		
Cash	\$ 9,308,073	2,023,220
Investments	-	9,469,636
Beneficial interest in community trust	-	43,982
Unexpended appropriation	1,479,394	-
Accounts receivable	57,258	-
Pledges receivable, net of allowance for uncollectible accounts of \$115,400 for 2015	-	1,608,583
Due from:		
Other funds	1,522,333	9,975
Other state agencies	89,427	-
Federal government	19,236	-
Restricted assets - cash	67,324	-
Inventory	-	35,987
Prepaid expenditures	193,585	52,797
<b>Total assets</b>	<b>\$ 12,736,630</b>	<b>13,244,180</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 482,714	359,484
Due to:		
Other funds	784,252	748,056
Other state agencies	41,285	-
Advances from grantors	2,999,678	347,846
Total liabilities	4,307,929	1,455,386
Deferred inflows of resources:		
Unavailable revenues:		
Memberships and contributions	-	1,283,821
Other	1,164	-
Total deferred inflows of resources	1,164	1,283,821
Fund balances:		
Nonspendable:		
Prepaid expenditures and inventory	193,585	88,784
Foundation endowment	-	-
Restricted for:		
Subsequent years' expenditures	67,324	-
Noncurrent receivables	-	140,500
Specific purposes	5,422,089	10,275,689
Committed	2,786,401	-
Unassigned	(41,862)	-
Total fund balances	8,427,537	10,504,973
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,736,630</b>	<b>13,244,180</b>

See notes to financial statements.

Permanent Foundation Endowment	Total 2015	Total 2014
-	11,331,293	10,872,674
1,965,149	11,434,785	10,894,953
-	43,982	45,513
-	1,479,394	243,830
-	57,258	102,849
-	1,608,583	2,592,454
-	1,532,308	1,526,576
-	89,427	109,456
-	19,236	-
-	67,324	108,217
-	35,987	26,072
-	246,382	217,855
1,965,149	27,945,959	26,740,449
-	842,198	780,197
-	1,532,308	1,526,576
-	41,285	47,829
-	3,347,524	2,691,424
-	5,763,315	5,046,026
-	1,283,821	2,197,919
-	1,164	238
-	1,284,985	2,198,157
-	282,369	243,927
1,965,149	1,965,149	1,866,885
-	67,324	108,217
-	140,500	236,900
-	15,697,778	15,050,078
-	2,786,401	2,038,255
-	(41,862)	(47,996)
1,965,149	20,897,659	19,496,266
1,965,149	27,945,959	26,740,449

**Exhibit D**

## Iowa Public Television

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

June 30, 2015

with summarized comparative information for June 30, 2014

	2015	2014 (not restated)	
<b>Total governmental fund balances (page 21)</b>	\$ 20,897,659		19,496,266
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</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	\$ 19,642,196		21,501,791
Iowa Public Television Foundation	<u>13,125</u>	19,655,321	<u>-</u> 21,501,791
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds, as follows:			
Iowa Public Television	1,164		238
Iowa Public Television Foundation	<u>1,283,821</u>	1,284,985	<u>2,197,919</u> 2,198,157
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:			
Deferred outflows of resources	801,267		-
Deferred inflows of resources	<u>(1,631,891)</u>	(830,624)	<u>-</u> -
Long term liabilities, including compensated absences, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Current compensated absences	(867,083)		(847,608)
Non-current compensated absences	(1,018,300)		(1,012,951)
Termination benefits payable, included in accounts payable	(163,577)		(287,812)
Other postemployment benefits payable	(585,143)		(509,808)
Net pension liability	<u>(3,924,898)</u>	(6,559,001)	<u>-</u> (2,658,179)
<b>Net position of governmental activities (page 17)</b>	<u>\$ 34,448,340</u>		<u>40,538,035</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, 2015

with summarized comparative information for the year ended June 30, 2014

	<u>General</u>
Revenues:	
State appropriation	\$ 8,791,846
Federal assistance	91,506
Receipts from other entities	954,975
Fees and licenses	68,312
Gifts and grants	2,372,516
In-kind and indirect support	48,708
Memberships	-
Charges for service	1,025,326
Interest on investments	35,409
Miscellaneous	18,014
Total revenues	<u>13,406,612</u>
Expenditures:	
Administration	2,743,053
Engineering and informational technology	4,123,434
Educational services	1,444,470
Programming, operations and production	7,544,891
Communications and community engagement	1,201,339
Digital television	37,500
Fundraising services	-
Total expenditures	<u>17,094,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,688,075)</u>
Other financing sources (uses):	
Transfers in	8,631,475
Transfers out	(4,268,906)
Total other financing sources (uses)	<u>4,362,569</u>
Change in fund balances	674,494
Fund balances beginning of year	<u>7,753,043</u>
Fund balances end of year	<u><u>\$ 8,427,537</u></u>

See notes to financial statements.

<u>Special Revenue</u>			
<u>Iowa Public</u>	<u>Permanent</u>		
<u>Television</u>	<u>Foundation</u>	Total	Total
<u>Foundation</u>	<u>Endowment</u>	2015	2014
-	-	8,791,846	8,410,633
-	-	91,506	1,385,646
-	-	954,975	35,981
-	-	68,312	76,173
2,793,345	98,264	5,264,125	4,746,396
23,683	-	72,391	69,838
5,693,899	-	5,693,899	5,449,703
-	-	1,025,326	975,070
(56,431)	(18,439)	(39,461)	1,679,335
-	-	18,014	95,516
8,454,496	79,825	21,940,933	22,924,291
-	-	2,743,053	1,727,526
-	-	4,123,434	6,050,440
-	-	1,444,470	1,289,420
-	-	7,544,891	6,819,375
-	-	1,201,339	1,228,058
-	-	37,500	37,500
3,444,853	-	3,444,853	3,460,016
3,444,853	-	20,539,540	20,612,335
5,009,643	79,825	1,401,393	2,311,956
-	18,439	8,649,914	8,118,900
(4,381,008)	-	(8,649,914)	(8,118,900)
(4,381,008)	18,439	-	-
628,635	98,264	1,401,393	2,311,956
9,876,338	1,866,885	19,496,266	17,184,310
10,504,973	1,965,149	20,897,659	19,496,266

Iowa Public Television

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

Year ended June 30, 2015

with summarized comparative information for the year ended June 30, 2014

	2015	2014 (not restated)
<b>Change in fund balances - Total governmental funds (page 25)</b>	\$ 1,401,393	\$ 2,311,956
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</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.	1,284,985	2,198,157
Because some revenues will not be collected for several months after year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds.	(2,198,157)	(987,277)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. In the current year, these amounts are:		
Iowa Public Television:		
Expenditures for capital assets	\$ 1,485,246	\$ 1,927,179
Depreciation expense	(3,178,088)	(3,752,639)
Iowa Public Television Foundation:		
Expenditures for capital assets	13,500	-
Depreciation expense	(375)	-
In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the gain or loss on the disposition of capital assets.	(166,753)	(42,374)
The current year employer's share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	585,396	-
Only expenses which require current financial resources are reported in the governmental funds, whereas the Statement of Activities reports expenses for capital lease purchase agreements, compensated absences, termination benefits and other postemployment benefits not requiring the use of current financial resources, as follows:		
Compensated absences	(24,824)	(10,817)
Termination benefits	124,235	199,498
Pension expense	(262,208)	-
Other postemployment benefits	(75,335)	(80,764)
<b>Change in net position of governmental activities (page 19)</b>	<u>\$ (1,010,985)</u>	<u>\$ 1,762,919</u>

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2015  
with summarized comparison information for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Accounts receivable	\$ 1,243	834
<b>Liabilities</b>		
Due to other state agencies	\$ 1,243	834
See notes to financial statements.		

Iowa Public Television

Notes to Financial Statements

June 30, 2015

**(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-D Channel 18, Ottumwa
KYIN-DT Channel 18, Mason City	K26JI-D Channel 26, Sibley
KSIN-DT Channel 28, Sioux City	K28JD-D Channel 28, Fort Madison
KBIN-DT Channel 33, Council Bluffs	K39LW-D Channel 39, Lansing
KRIN-DT Channel 35, Waterloo	K44AB-D Channel 44, Keokuk
KHIN-DT Channel 35, Red Oak	K24IM-D 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 Iowa Public Television it is, in substance, the same as Iowa Public Television. It is reported as part of Iowa Public Television and is blended into the Special Revenue and the Permanent Funds.

Iowa Public Television Foundation (Foundation) is a non-profit corporation which was incorporated in December 1991 for the purpose of soliciting and managing gifts of money and property for the exclusive purpose of granting gifts of money and/or property to Iowa Public Television. The funds received by the Foundation, less expenses, are to be transferred monthly to Iowa Public Television for programs and program expenses. Iowa Public Television has sole discretion as to the use of the money or property. Iowa Public Television provides support to the Foundation, including office space, equipment, website, legal services, television studio space and equipment, as well as broadcast production staff. The Iowa Public Television Board has the ability to control fund raising activities and operations as well as personnel decisions regarding the management of the Foundation. The Foundation exclusively benefits Iowa Public Television and provides services entirely to Iowa Public Television.

#### B. Basis of Presentation

The basic financial statements include prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Iowa Public Television's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

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

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

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

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

*Expendable restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories/components. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

Iowa Public Television reports the following major governmental funds:

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

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

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

Iowa Public Television also reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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 custodial banks. The cash balances of most funds are pooled and invested by the Treasurer of State.

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

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

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

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

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position which applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from IPTV after the measurement date but before the end of IPTV’s reporting period.

Advances from Grantors – Advances from grantors represents grant proceeds which have been received by Iowa Public Television but will not be spent until succeeding fiscal years.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 inflows of resources in the governmental fund financial statements represent 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 inflows of resources consist of memberships and contributions to the Foundation and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2015 and 2014.

State Appropriation and Reversion - The Legislature makes annual appropriations of state funds to the various agencies. No payment of an obligation for goods and services can be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless such goods or services are received on or before June 30. Fifty percent of unobligated balances of operational appropriations at the end of fiscal year 2015, if any, may be encumbered for technology enhancement or purchases of goods and services from Iowa Prison Industries during the succeeding fiscal year. Any remaining funds are to be deposited in the General Fund of the state.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2015 and 2014 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 ensure 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, 2015 and 2014, the carrying amount of cash not held by the Treasurer of State was \$2,025,620 and \$1,113,160, respectively, and the bank balances were \$2,091,220 and \$1,128,033, respectively. Deposits of \$530,818 and \$336,550, 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, 2015 and 2014. The remaining deposits of \$1,560,402 and \$791,483, 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, 2015 and 2014, the Foundation's investments had fair values of \$11,434,785 and \$10,894,953, respectively.

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

The Community Foundation of Greater Des Moines (Community Foundation) was organized to receive gifts and bequests from private and public organizations and to make contributions to projects benefiting the greater Des Moines community. Direct contributions from donors were made on behalf of the Iowa Public Television Foundation (Foundation) during the years ended June 30, 2013 and June 30, 2012. The Community Foundation controls the investment and reinvestment of funds held and management of the funds is at the Community Foundation's sole discretion. The Foundation may receive distributions limited to no more than a 'spending formula' determined from time to time by the Community Foundation's Board of Directors.

The Foundation's beneficial interest is carried at fair market value in the Statement of Net Position. The balances of the interests at June 30, 2015 and 2014 were \$43,982 and \$45,513, respectively.

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

The detail of interfund receivables and payables at June 30, 2015 and 2014 is as follows:

Fund	2015		2014	
	Receivable	Payable	Receivable	Payable
General	\$ 1,522,333	784,252	1,422,068	1,048,461
Special Revenue, Iowa Public Television Foundation	9,975	748,056	104,508	478,115
Total	\$ 1,532,308	1,532,308	1,526,576	1,526,576

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, 2015 was as follows:

	Balance Beginning of Year	Reclass- ifications	Increases	Decreases	Balance End of Year
<b>Iowa Public Television:</b>					
Capital assets:					
Land, not being depreciated	\$ 1,314,063	-	-	-	1,314,063
Buildings	8,943,496	-	-	-	8,943,496
Machinery, equipment and vehicles	16,678,134	-	399,657	(1,261,343)	15,816,448
Transmitters	34,469,808	-	-	(1,156,815)	33,312,993
Construction in progress	-	-	1,085,589	-	1,085,589
Total capital assets	61,405,501	-	1,485,246	(2,418,158)	60,472,589
Less accumulated depreciation for:					
Buildings	5,381,717	-	318,155	-	5,699,872
Transmitters	20,675,066	-	1,926,918	(990,062)	21,611,922
Machinery, equipment and vehicles	13,846,927	-	933,015	(1,261,343)	13,518,599
Total accumulated depreciation	39,903,710	-	3,178,088	(2,251,405)	40,830,393
Total capital assets, net	\$ 21,501,791	-	(1,692,842)	(166,753)	19,642,196
<b>Iowa Public Television Foundation:</b>					
Capital assets:					
Leasehold improvements	\$ 41,416	-	-	-	41,416
Machinery, equipment and vehicles	51,778	-	13,500	-	65,278
Total capital assets	93,194	-	13,500	-	106,694
Less accumulated depreciation for:					
Leasehold improvements	41,417	-	-	-	41,417
Machinery, equipment and vehicles	51,777	-	375	-	52,152
Total accumulated depreciation	93,194	-	375	-	93,569
Total capital assets, net	\$ -	-	13,125	-	13,125

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Reclass- ifications	Increases	Decreases	Balance End of Year
<b>Iowa Public Television:</b>					
Capital assets:					
Land, not being depreciated	\$ 1,314,063	-	-	-	1,314,063
Buildings	8,943,496	-	-	-	8,943,496
Transmitters	33,080,001	108,715	1,314,512	(33,420)	34,469,808
Machinery, equipment and vehicles	17,065,443	24,983	637,666	(1,049,958)	16,678,134
Construction in progress	133,698	(133,698)	-	-	-
Total capital assets	60,536,701	-	1,952,178	(1,083,378)	61,405,501
Less accumulated depreciation for:					
Buildings	5,063,562	-	318,155	-	5,381,717
Transmitters	18,775,111	(24,983)	1,949,632	(24,694)	20,675,066
Machinery, equipment and vehicles	13,335,359	24,983	1,484,852	(998,267)	13,846,927
Total accumulated depreciation	37,174,032	-	3,752,639	(1,022,961)	39,903,710
Total capital assets, net	\$ 23,362,669	-	(1,800,461)	(60,417)	21,501,791
<b>Iowa Public Television Foundation:</b>					
Capital assets:					
Leasehold improvements	\$ 41,416	-	-	-	41,416
Machinery, equipment and vehicles	88,960	-	-	(37,182)	51,778
Total capital assets	130,376	-	-	(37,182)	93,194
Less accumulated depreciation for:					
Leasehold improvements	41,417	-	-	-	41,417
Machinery, equipment and vehicles	82,003	-	-	(30,226)	51,777
Total accumulated depreciation	123,420	-	-	(30,226)	93,194
Total capital assets, net	\$ 6,956	-	-	(6,956)	-

Depreciation expense for the years ended June 30, 2015 and 2014 was charged to the following functions:

	Iowa Public Television	Iowa Public Television Foundation	Total 2015	Total 2014
Governmental activities:				
Administration	\$ 288,624	-	288,624	378,583
Engineering and informational technology	328,842	-	328,842	268,936
Programming, operations and production	133,119	-	133,119	130,180
Communications and community engagement	497	-	497	-
Digital television	2,427,006	-	2,427,006	2,974,940
Fundraising services	-	375	375	-
Total depreciation expense	\$ 3,178,088	375	3,178,463	3,752,639

**(6) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of Iowa Public Television, except for those covered by another retirement system. Employees of Iowa Public Television are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member’s first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member’s highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member’s earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member’s lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2015 and 2014, pursuant to the required rates, regular members contributed 5.95 percent of pay and Iowa Public Television contributed 8.93 percent for a total rate of 14.88 percent each year.

Iowa Public Television’s contributions to IPERS for the years ended June 30, 2015 and 2014 were \$585,396 and \$580,805, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, Iowa Public Television reported a liability of \$3,924,898 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Iowa Public Television's proportion of the net pension liability was based on IPTV's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, Iowa Public Television's collective proportion was .098966, which was a decrease of .000441% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, Iowa Public Television recognized pension expense of \$262,208. At June 30, 2015, Iowa Public Television reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,656	\$ -
Changes of assumptions	173,215	-
Net difference between projected and actual earnings on pension plan investments	-	1,496,843
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	135,048
Agency contributions subsequent to the measurement date	585,396	-
Total	<u>\$ 801,267</u>	<u>\$ 1,631,891</u>

\$585,396 reported as deferred outflows of resources related to pensions resulting from Iowa Public Television's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2016	\$ (355,327)
2017	(355,327)
2018	(355,327)
2019	(355,327)
2020	5,288
Total	<u>\$ (1,416,020)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31 %
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%.

The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from Iowa Public Television will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Iowa Public Television's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents Iowa Public Television's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what Iowa Public Television's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50 percent) or 1% higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
IPTV's proportionate share of the net pension liability:	\$ 7,415,985	\$ 3,924,898	\$ 978,059

Pension Plan Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Pension Plan - At June 30, 2015, Iowa Public Television reported payables to IPERS of \$22,416 for legally required employer contributions and \$14,547 for legally required employee contributions which had been withheld from employee wages but had not yet been remitted to IPERS.

**(7) Operating Leases**

Iowa Public Television has leased various sites of land and towers to provide educational television service for the State. These leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. The leases expire prior to June 30, 2040 and require various minimum annual rentals. Certain leases are renewable for additional periods. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015:

Year Ending June 30,	Minimum Rental Payments
2016	\$ 219,282
2017	222,800
2018	207,089
2019	198,012
2020	183,161
2021-2025	452,830
2026-2030	72,935
2031-2035	76,580
2036-2040	80,410
Total	<u>\$ 1,713,099</u>

Rental expense for the years ended June 30, 2015 and 2014 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$316,226 and \$325,607, 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, 2015 and 2014 include the following:

	Year ended June 30,	
	2015	2014
Contributed support and in-kind contributions	<u>\$ 72,391</u>	<u>\$ 69,838</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. 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, 2015:

Year Ending June 30,	Minimum Future Rentals
2016	\$ 301,759
2017	292,562
2018	208,518
2019	138,924
2020	114,037
2021-2025	131,684
Total	<u>\$ 1,187,484</u>

**(10) Interfund Transfers**

The detail of interfund transfers for the years ended June 30, 2015 and 2014 is as follows:

Fund	2015		2014	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ 8,631,475	4,268,906	\$ 8,118,900	3,631,228
Special Revenue, Iowa Public Television Foundation	-	4,381,008	-	4,093,699
Permanent, Foundation Endowment	18,439	-	-	393,973
Total	<u>\$ 8,649,914</u>	<u>8,649,914</u>	<u>\$ 8,118,900</u>	<u>8,118,900</u>

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

**(11) Risk Management**

State employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

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

Changes in compensated absences and other postemployment benefit obligations for the years ended June 30, 2015 and 2014 are summarized as follows:

Year ended June 30, 2015	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Compensated absences	\$ 1,860,559	820,544	795,720	1,885,383	867,083
Net pension liability	5,657,009	-	1,732,111	3,924,898	-
Net OPEB liability	509,808	75,335	-	585,143	-
Total	<u>\$ 8,027,376</u>	<u>895,879</u>	<u>2,527,831</u>	<u>6,395,424</u>	<u>867,083</u>

Year ended June 30, 2014	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Compensated absences	\$ 1,972,051	778,811	890,303	1,860,559	847,608
Net OPEB liability	429,044	80,764	-	509,808	-
Total	<u>\$ 2,401,095</u>	<u>859,575</u>	<u>890,303</u>	<u>2,370,367</u>	<u>847,608</u>

Sick Leave Insurance Program (SLIP)

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

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

<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's share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

Iowa Public Television will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, until the employee waives the benefit or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir. If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the SLIP account will be forfeited. All SLIP program benefits are financed on a pay-as-you-go basis by Iowa Public Television. Amounts calculated for this program are included in the compensated absences liability for current employees and \$163,577 is included in accounts payable for retirees.

For the year ended June 30, 2015, eleven employees received benefits totaling \$91,637 under SLIP.

#### 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 \$218,000,000 for the State of Iowa at June 30, 2015. 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, 2015. 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 \$585,143 for other postemployment benefits, which represents Iowa Public Television's portion of the State's net OPEB liability. Iowa Public Television's portion of the net OPEB liability was calculated using the ratio of full time equivalent Iowa Public Television employees compared to all full time equivalent employees of the State of Iowa.

#### **(13) Contractual Commitments**

Iowa Public Television has entered into contracts for planned capital improvement projects and has spent \$131,914 under these contracts as of June 30, 2015. The remaining contractual obligation as of June 30, 2015 for projects already in progress totals \$389,735.

**(14) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net position liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$40,538,035
Net pension liability at June 30, 2014	(5,657,009)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>578,299</u>
Net position July 1, 2014, as restated	<u><u>\$35,459,325</u></u>

**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, 2015

	General Fund Actual	Less Funds not Required to be Budgeted	Net
<b>Revenues:</b>			
State appropriation	\$ 8,791,846	-	8,791,846
Federal assistance	91,506	91,506	-
Receipts from other entities	954,975	-	954,975
Fees and licenses	68,312	68,312	-
Gifts and grants	2,327,844	2,327,844	-
In-kind and indirect support	48,708	10,164	38,544
Charges for service	1,025,326	661,297	364,029
Interest on investments	35,409	35,409	-
Miscellaneous	62,686	62,686	-
Total revenues	<u>13,406,612</u>	<u>3,257,218</u>	<u>10,149,394</u>
<b>Expenditures:</b>			
Administration	2,743,053	623,267	2,119,786
Engineering and informational technology	4,123,434	290,406	3,833,028
Educational services	1,444,470	603,680	840,790
Programming, operations and production	7,544,891	5,538,049	2,006,842
Communications and community engagement	1,201,339	457,975	743,364
Digital television	37,500	37,500	-
Total expenditures	<u>17,094,687</u>	<u>7,550,877</u>	<u>9,543,810</u>
Excess (deficiency) of revenues over (under) expenditures	(3,688,075)	(4,293,659)	605,584
Other financing sources, net	4,362,569	4,331,200	31,369
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	674,494	37,541	636,953
Balance beginning of year	7,753,043	7,156,425	596,618
Balance end of year	<u>\$ 8,427,537</u>	<u>7,193,966</u>	<u>1,233,571</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to
Original	Final	Net
		Variance
8,791,846	8,791,846	-
-	-	-
-	-	954,975
-	-	-
5,500	5,500	(5,500)
-	-	38,544
320,000	320,000	44,029
-	-	-
-	-	-
9,117,346	9,117,346	1,032,048
1,063,358	1,063,358	(1,056,428)
4,823,123	4,746,249	913,221
971,201	971,201	130,411
1,743,336	1,893,336	(113,506)
857,343	857,343	113,979
-	-	-
9,458,361	9,531,487	(12,323)
(341,015)	(414,141)	1,019,725
185,015	185,015	(153,646)
(156,000)	(229,126)	866,079
436,815	439,126	157,492
280,815	210,000	1,023,571

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Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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.

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Iowa Public Television

Schedule of the Agency's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)

Required Supplementary Information

	<u>2015</u>
Agency's collective proportion of the net pension liability (asset)	.098966%
Agency's collective proportionate share of the net pension liability (asset)	\$ 3,925
Agency's covered-employee payroll	\$ 6,476
Agency's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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Iowa Public Television

Schedule of Agency Contributions

Iowa Public Employees' Retirement System  
Last 3 Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 585	581	560
Contributions in relation to the statutorily required contribution	<u>(585)</u>	<u>(581)</u>	<u>(560)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Agency's covered-employee payroll	\$ 6,550	6,476	6,462
Contributions as a percentage of covered-employee payroll	8.93%	8.97%	8.67%

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, Iowa Public Television will present information for those years for which information is available.

Iowa Public Television

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**Supplementary Information**

Iowa Public Television  
Combining Balance Sheet  
General Fund Accounts

June 30, 2015  
with summarized comparative information for June 30, 2014

	State Appropri- ations #001	CPB Community Service Grant 2010-2012 #004	Iowa Infra- structure #017	CPB Community Service Grant 2011-2013 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069	IPTV Miscel- laneous #085
<b>Assets</b>							
Cash	\$ 2,400	617,458	-	2,469,311	-	161,586	437,699
Unexpended appropriation	461,062	-	-	-	-	-	-
Accounts receivable	11,417	-	-	-	-	-	6,545
Due from:							
Other funds	14,935	3,155	-	-	-	25,000	39,235
Other state agencies	-	1,506	-	3,481	-	259	654
Federal government	-	-	-	-	-	-	-
Restricted assets - cash	67,324	-	-	-	-	-	-
Prepaid expenditures	43,687	575	9,375	-	-	1,524	38,809
<b>Total assets</b>	<b>\$ 600,825</b>	<b>622,694</b>	<b>9,375</b>	<b>2,472,792</b>	<b>-</b>	<b>188,369</b>	<b>522,942</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 309,676	80,537	-	-	-	6,367	3,252
Due to:							
Other funds	166,759	41,534	-	3,481	-	260	-
Other state agencies	32,900	5,202	-	-	-	1,514	461
Advances from grantors	21,766	495,421	-	2,469,311	-	10,403	-
<b>Total liabilities</b>	<b>531,101</b>	<b>622,694</b>	<b>-</b>	<b>2,472,792</b>	<b>-</b>	<b>18,544</b>	<b>3,713</b>
Deferred inflows of resources:							
Other revenue	-	-	-	-	-	-	-
Fund balances:							
Nonspendable for prepaid expenditures	43,687	575	9,375	-	-	1,524	38,809
Restricted for:							
Subsequent years' expenditures	67,324	-	-	-	-	-	-
Specific purposes	-	-	-	-	-	-	-
Committed	-	-	-	-	-	168,301	480,420
Unassigned	(41,287)	(575)	-	-	-	-	-
<b>Total fund balances</b>	<b>69,724</b>	<b>-</b>	<b>9,375</b>	<b>-</b>	<b>-</b>	<b>169,825</b>	<b>519,229</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 600,825</b>	<b>622,694</b>	<b>9,375</b>	<b>2,472,792</b>	<b>-</b>	<b>188,369</b>	<b>522,942</b>

See accompanying independent auditor's report.

Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distribution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Friends Contribution Account # 713	Technology Reinvestment # 943	Total 2015	Total 2014
757,294	47,586	66,724	723,060	300,648	3,724,307	-	9,308,073	9,761,914
-	-	-	-	-	-	1,018,332	1,479,394	243,830
-	2,387	115	20,538	15,991	265	-	57,258	102,849
254,771	23,830	215	155,478	374	1,005,340	-	1,522,333	1,422,068
1,493	75,398	101	1,148	452	4,935	-	89,427	109,456
-	19,236	-	-	-	-	-	19,236	-
-	-	-	-	-	-	-	67,324	108,217
-	-	-	975	-	-	98,640	193,585	190,028
1,013,558	168,437	67,155	901,199	317,465	4,734,847	1,116,972	12,736,630	11,938,362
51,368	19,114	-	12,275	125	-	-	482,714	478,138
336,190	36,352	-	118,036	-	81,640	-	784,252	1,048,461
130	47	-	11	-	1,020	-	41,285	47,829
-	2,777	-	-	-	-	-	2,999,678	2,610,653
387,688	58,290	-	130,322	125	82,660	-	4,307,929	4,185,081
-	1,164	-	-	-	-	-	1,164	238
-	-	-	975	-	-	98,640	193,585	190,028
-	-	-	-	-	-	-	67,324	108,217
-	-	-	769,902	-	4,652,187	-	5,422,089	5,464,539
625,870	108,983	67,155	-	317,340	-	1,018,332	2,786,401	2,038,255
-	-	-	-	-	-	-	(41,862)	(47,996)
625,870	108,983	67,155	770,877	317,340	4,652,187	1,116,972	8,427,537	7,753,043
1,013,558	168,437	67,155	901,199	317,465	4,734,847	1,116,972	12,736,630	11,938,362

Iowa Public Television

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

Year ended June 30, 2015

with summarized comparative information for the year ended June 30, 2014

	State Appropriations #001	CPB Community Service Grant 2010-2012 #004	Iowa Infra- structure #017	CPB Community Service Grant 2011-2013 #033	Public Telecomm- unications Facilities Program #059	Market to Market #069	IPTV Miscel- laneous #085
Revenues:							
State appropriation	\$ 7,791,846	-	-	-	-	-	-
Federal assistance	-	-	-	-	5,400	-	-
Receipts from other entities	954,975	-	-	-	-	-	-
Fees and licenses	-	-	-	-	-	67,812	-
Gifts and grants	-	1,868,467	-	459,377	-	-	-
In-kind and indirect support	38,544	-	-	-	-	9,400	-
Charges for service	364,029	-	-	-	-	-	2,123
Interest on investments	-	6,420	-	6,096	-	806	1,655
Miscellaneous	-	-	-	-	-	-	137
Total revenues	9,149,394	1,874,887	-	465,473	5,400	78,018	3,915
Expenditures:							
Administration	2,119,786	492,442	-	130,825	-	-	-
Engineering and informational technology	3,510,874	234,130	-	50,876	5,400	-	-
Educational services	840,790	81,104	-	16,986	-	-	-
Programming, operations and production	2,006,842	694,851	-	168,655	-	216,320	54,896
Communications and community engagement	743,364	365,940	-	92,035	-	-	-
Digital television	-	-	37,500	-	-	-	-
Total expenditures	9,221,656	1,868,467	37,500	459,377	5,400	216,320	54,896
Excess (deficiency) of revenues over (under) expenditures	(72,262)	6,420	(37,500)	6,096	-	(138,302)	(50,981)
Other financing sources (uses):							
Operating transfers in	31,369	-	-	-	-	65,000	156,598
Operating transfers out	-	(6,420)	-	(6,096)	-	-	(100,000)
Total other financing sources (uses)	31,369	(6,420)	-	(6,096)	-	65,000	56,598
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(40,893)	-	(37,500)	-	-	(73,302)	5,617
Fund balance beginning of year	110,617	-	46,875	-	-	243,127	513,612
Fund balance end of year	\$ 69,724	-	9,375	-	-	169,825	519,229

See accompanying independent auditor's report.

Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distri- bution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Friends Contribution Account # 713	Technology Reinvestment # 943	Total 2015	Total 2014
-	-	-	-	-	-	1,000,000	8,791,846	8,410,633
-	86,106	-	-	-	-	-	91,506	1,385,646
-	-	-	-	-	-	-	954,975	35,981
-	-	500	-	-	-	-	68,312	76,173
44,672	-	-	-	-	-	-	2,372,516	2,391,295
-	764	-	-	-	-	-	48,708	58,969
-	436,413	-	142,996	79,765	-	-	1,025,326	975,070
5,195	334	273	2,763	1,100	10,767	-	35,409	23,455
10,000	6,892	985	-	-	-	-	18,014	95,516
59,867	530,509	1,758	145,759	80,865	10,767	1,000,000	13,406,612	13,452,738
-	-	-	-	-	-	-	2,743,053	1,727,526
-	-	-	-	-	-	322,154	4,123,434	6,050,440
-	505,590	-	-	-	-	-	1,444,470	1,289,420
3,666,189	-	602	701,030	26,533	8,973	-	7,544,891	6,819,375
-	-	-	-	-	-	-	1,201,339	1,228,058
-	-	-	-	-	-	-	37,500	37,500
3,666,189	505,590	602	701,030	26,533	8,973	322,154	17,094,687	17,152,319
(3,606,322)	24,919	1,156	(555,271)	54,332	1,794	677,846	(3,688,075)	(3,699,581)
3,642,148	199,440	57,298	924,733	37,013	3,517,876	-	8,631,475	8,118,900
(54,945)	(113,281)	(56,582)	(195,462)	-	(3,736,120)	-	(4,268,906)	(3,631,228)
3,587,203	86,159	716	729,271	37,013	(218,244)	-	4,362,569	4,487,672
(19,119)	111,078	1,872	174,000	91,345	(216,450)	677,846	674,494	788,091
644,989	(2,095)	65,283	596,877	225,995	4,868,637	439,126	7,753,043	6,964,952
625,870	108,983	67,155	770,877	317,340	4,652,187	1,116,972	8,427,537	7,753,043

**Schedule 3**

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## Iowa Public Television

Schedule of Expenditures by Object  
General Fund

Year ended June 30, 2015

with summarized comparative information for the year ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Personal services	\$ 9,323,900	9,067,383
Travel	227,402	189,523
Supplies and materials	2,992,434	2,762,889
Contractual services	2,765,810	2,874,978
Equipment and repair	1,770,782	929,901
Claims and miscellaneous	13,386	11,438
Licenses, permits and refunds	973	1,695
Plant improvements	-	1,314,512
Total	<u>\$ 17,094,687</u>	<u>17,152,319</u>

See accompanying independent auditor's report.

## Iowa Public Television

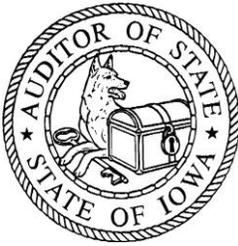
Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ -	22,582	22,582	-
Accounts receivable	834	1,243	834	1,243
Total assets	\$ 834	23,825	23,416	1,243
<b>Liabilities</b>				
Due to other state agencies	\$ 834	1,243	834	1,243

See accompanying independent auditor's report.

**Iowa Public Television**



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

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA  
Auditor of State

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

To the Board Members of Iowa Public Television:

We have audited 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 governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise Iowa Public Television's basic financial statements, and have issued our report thereon dated December 4, 2015. 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's audit performed by another auditor.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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



MARY MOSIMAN, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 4, 2015

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Iowa Public Television

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Kaylynn D. Short, Senior Auditor  
Marcus B. Johnson, Staff Auditor  
Trent M. Mussmann, Staff Auditor  
Jesse J. Probasco, CPA, Staff Auditor  
Ryan M. Barrett, Assistant Auditor  
Lucas P. Mullen, Assistant Auditor  
Mallory A. Sims, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State

**Iowa Public Television**

## **Statistical Information**

**Schedule A**

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Iowa Public Television  
Statistical Information  
Members and Contributors  
(Unaudited)

Year ended June 30, 2015

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2015 was as follows:

Contributors	4,376
Active members	44,479
Leadership Circle members	<u>1,021</u>
Total	<u><u>49,876</u></u>

See accompanying independent auditor's report.