



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

December 20, 2016

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, 2016. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$13,867,561 for the year ended June 30, 2016, a 3.4% increase over the prior year. Revenues included a state appropriation of \$9,330,046, gifts and grants of \$2,784,915, charges for service of \$850,858 and federal assistance of \$15,628. The Iowa Public Television Foundation received \$5,726,512 from Foundation memberships and corporate support of \$2,007,264.

Expenditures to operate the educational television network for the year ended June 30, 2016 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 2,499,941	-	2,499,941
Engineering and informational technology	4,289,360	-	4,289,360
Educational services	1,345,225	-	1,345,225
Programming, operations and production	7,955,236	-	7,955,236
Communications and community engagement	1,355,583	-	1,355,583
Digital television	9,375	-	9,375
Fundraising services	-	3,951,242	3,951,242
Total	\$ 17,454,720	3,951,242	21,405,962

General Fund expenditures during the year ended June 30, 2016 increased 2.1% over the prior year.

A copy of the audit report is available for review in Iowa Public Television's administrative office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-2850-0000>.



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

**JUNE 30, 2016**

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-13
Basic Financial Statements:	<u>Exhibit</u>	
Entity-wide Financial Statements:		
Statement of Net Position	A	17
Statement of Activities	B	18-19
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Fund	G	27
Notes to Financial Statements		28-43
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund		46-47
Notes to Required Supplementary Information – Budgetary Reporting		48
Schedule of the Agency's Proportionate Share of the Net Pension Liability		49
Schedule of Agency Contributions		50
Notes to Required Supplementary Information – Pension Liability		51
Supplementary Information:	<u>Schedule</u>	
General Fund:		
Combining Balance Sheet	1	54-55
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	2	56-57
Schedule of Expenditures by Object	3	58
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	4	59
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 <u>Government Auditing Standards</u>		61-62
Staff		63
Statistical Information:		
Members and Contributors	A	65

**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**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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

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, 2016, 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 cash basis financial position of the governmental activities and each major fund of Iowa Public Television as of June 30, 2016, 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, 2016, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

### Report on Summarized Comparative Information

We previously audited the financial statements of Iowa Public Television for the year ended June 30, 2015, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 8 through 13 and 46 through 51 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 13, 2016 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

December 13, 2016

---

## **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, 2016. 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 that permit the creation and distribution of programming and educational products and services responsive to the varied interests of Iowans. IPTV is the state's largest provider of information and entertainment programming about Iowa. More than 2,000,000 viewers watch IPTV each month. Contributing membership to the IPTV Foundation consists of approximately 53,000 households.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year (FY) 2016, total revenues increased approximately \$857,000.
- Program expenses during fiscal year 2016 increased approximately \$818,000 over the prior year.
- Iowa Public Television's net position decreased approximately \$972,000 from FY2015.

### **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, deferred outflows of resources, liabilities and deferred inflows of resources 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, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference 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 \$33.5 million at the end of fiscal year 2016 as compared to approximately \$34.4 million at the end of fiscal year 2015.

Restricted net position represents the 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.

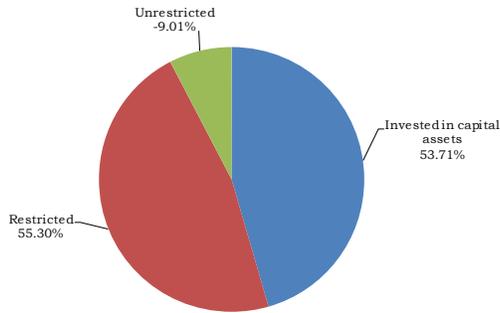
Net investment in capital assets represents the second largest portion of net position and includes land, buildings, equipment, vehicles and television transmitters, less any related depreciation. Iowa Public Television uses these capital assets to provide services to its viewers and others. Consequently,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

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 2016 is primarily due to compensated absences, other postemployment benefits and the net pension liability benefits which are unfunded.

**Net Position of Governmental Activities**

Assets	June 30, 2016	June 30, 2015
Current and other assets	\$ 27,305,671	26,413,651
Capital assets, net	17,981,776	19,655,321
Total Assets	<u>45,287,447</u>	<u>46,068,972</u>
Deferred outflows of resources	807,205	801,267
Liabilities		
Current liabilities	5,625,848	5,183,022
Noncurrent liabilities	6,414,550	5,606,986
Total Liabilities	<u>12,040,398</u>	<u>10,790,008</u>
Deferred inflows of resources	577,878	1,631,891
Net Position		
Invested in capital assets	17,981,776	19,655,321
Restricted	18,511,720	18,841,460
Unrestricted	(3,017,120)	(4,048,441)
Total Net Position	<u>\$ 33,476,376</u>	<u>34,448,340</u>

**FY 2016  
Composition of Net Position**

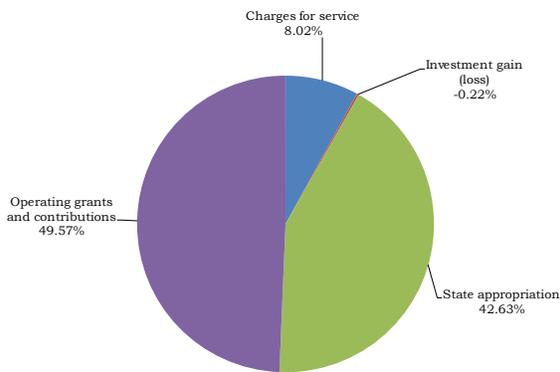


- The net position of IPTV decreased approximately \$972,000 during fiscal year 2016. Fiscal year 2016 revenues were approximately \$857,000 more than in fiscal year 2015. Operating grants and contributions revenue of approximately \$10.8 million, an increase over the prior year, represented 49.6% of 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 2016, IPTV received state appropriations of approximately \$9.3 million, which represented 42.6% of total revenues. Fiscal year 2016 expenses were approximately \$818,000 more than in fiscal year 2015. Programming and production expenses of approximately \$8 million represented 35.1% of total expenses during the fiscal year. Iowa Public Television Foundation expenses represented 17.3% of total expenses.

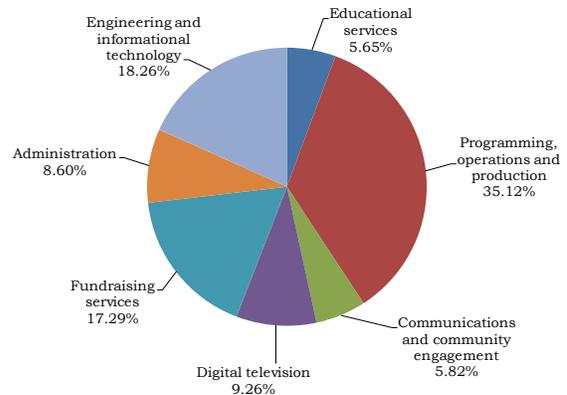
**Changes in Net Position of Governmental Activities**

	Year Ended June 30, 2016	Year Ended June 30, 2015
Revenues:		
Program revenues:		
Charges for service	\$ 1,756,007	2,055,340
Operating grants and contributions	10,845,864	10,214,635
Capital grants and contributions	-	5,400
General revenues:		
State appropriation	9,330,046	8,791,846
Investment gain (loss)	(47,241)	(39,461)
Total revenues	<u>21,884,676</u>	<u>21,027,760</u>
Program expenses:		
Administration	1,966,695	2,001,277
Engineering and informational technology	4,173,783	4,012,419
Educational services	1,292,442	1,416,075
Programming, operations and production	8,024,027	7,435,146
Communications and community engagement	1,330,781	1,118,362
Digital television	2,116,885	2,624,113
Fundraising services	3,952,027	3,431,353
Total expenses	<u>22,856,640</u>	<u>22,038,745</u>
Change in net position	(971,964)	(1,010,985)
Net position beginning of year	34,448,340	35,459,325
Net position end of year	<u>\$ 33,476,376</u>	<u>34,448,340</u>

**FY 2016 Revenues by Source**



**FY 2016 Expenses by Program**



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

Required supplementary information 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.

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

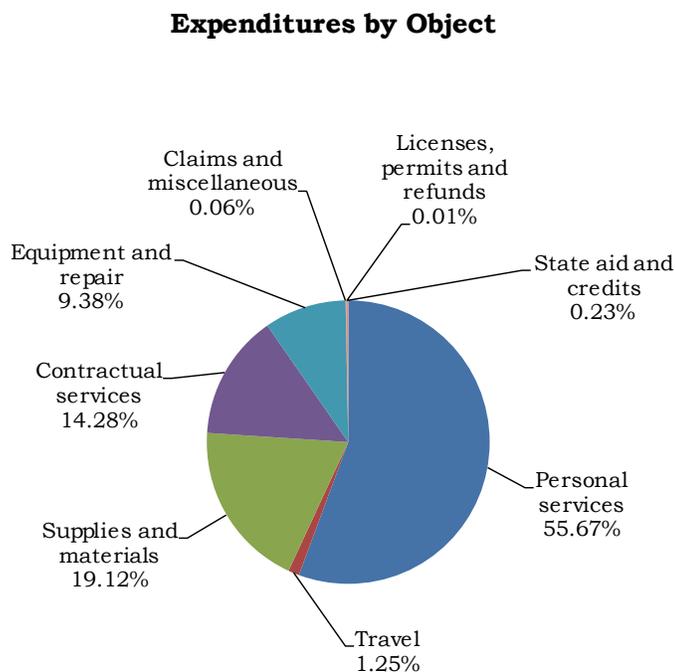
**FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2016, IPTV reported a combined General Fund balance of approximately \$8.8 million, which is approximately \$375,000 more than the previous year's total. IPTV's General Fund expenditures exceeded General Fund revenues by approximately \$3.6 million, and approximately \$4 million in net transfers were received from the Special Revenue Fund and the Permanent Fund.

Iowa Public Television's total state appropriations of approximately \$9.3 million represents 67.3% of total General Fund revenues of approximately \$13.9 million. Gifts and grants of approximately \$2.8 million represent 20.1% of total General Fund revenues, while Federal assistance of \$15,628 represented .1% of total General Fund revenues.

Personal services of approximately \$9.7 million represented 55.7% of General Fund expenditures. Contractual services of approximately \$2.5 million represents 14.3% of total General Fund expenses of approximately \$17.5 million (see Schedule 3). Contractual services remain a significant expense item. Other significant expenses include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.



Special Revenue Fund (Exhibits C and E):

Iowa Public Television's Special Revenue Fund consists of the Iowa Public Television Foundation. As of June 30, 2016, IPTV reported a Special Revenue Fund balance of approximately \$9.8 million. The Special Revenue Fund balance decreased by approximately \$709,000 from June 30, 2015. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$3.7 million. Approximately \$4 million was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$7.7 million was comprised mainly of approximately \$5.7 million in membership revenue and approximately \$2 million in gifts and grants.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Iowa Public Television's receipts were approximately \$750,000 more than budgeted receipts, a variance of 7.7%. Iowa Public Television received in-kind and indirect support which was not budgeted, including an HVAC project funded by the State of Iowa's Major Maintenance.

Total disbursements were approximately \$436,000 more than budgeted. IPTV budgeted \$320,000 for the replacement of inductive output tubes (IOTs); however no IOTs needed to be replaced in FY 2016. These funds will be available for the replacement of IOTs in FY 2017.

Iowa Public Television exceeded the budgeted amounts for administration and digital television for the year ended June 30, 2016, primarily due to in-kind and indirect support which was not budgeted. All other IPTV functional areas came in under budget.

## **CAPITAL ASSETS**

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2016 was approximately \$58.7 million, net of accumulated depreciation of approximately \$40.8 million, leaving a net book value of approximately \$18 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 \$1.7 million. Depreciation charges for the year totaled approximately \$2.9 million.

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

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

State general fund revenue estimates are generated by the Iowa Revenue Estimating Conference (REC). The REC is comprised of the Governor or his designee, the Director of the Legislative Services Agency, and a third person agreed upon by the other two members. At the October 13, 2016 meeting, the REC decreased the estimate for General Fund tax and other receipts for fiscal year 2017.

The fiscal year 2017 state appropriation for IPTV was the same as the fiscal year 2016 state appropriation.

## **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, PO Box 6450, Johnston, Iowa 50131.

**Iowa Public Television**

## **Basic Financial Statements**

**Iowa Public Television**

Iowa Public Television  
Statement of Net Position  
June 30, 2016  
with summarized comparative information for June 30, 2015

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 10,411,797	11,331,293
Investments	1,101,229	2,127,656
Beneficial interest in community trust	41,376	43,982
Unexpended appropriation	2,193,595	1,479,394
Accounts receivable	40,875	57,258
Pledges receivable, net of allowance for uncollectible accounts of \$127,200 for 2016 and \$115,400 for 2015	2,027,854	1,468,083
Due from other state agencies	87,399	89,427
Due from federal government	-	19,236
Restricted assets - cash	71,561	67,324
Inventory	36,877	35,987
Prepaid expenses	188,953	246,382
Total current assets	<u>16,201,516</u>	<u>16,966,022</u>
Noncurrent assets:		
Investments	11,057,655	9,307,129
Pledges receivable	46,500	140,500
Capital assets, net of accumulated depreciation	17,981,776	19,655,321
Total noncurrent assets	<u>29,085,931</u>	<u>29,102,950</u>
<b>Total assets</b>	<u>45,287,447</u>	<u>46,068,972</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	807,205	801,267
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,116,363	927,130
Due to other state agencies	124,595	41,285
Advances from grantors	3,484,598	3,347,524
Compensated absences	900,292	867,083
Total current liabilities	<u>5,625,848</u>	<u>5,183,022</u>
Noncurrent liabilities:		
Accounts payable	121,043	78,645
Compensated absences	898,078	1,018,300
Net pension liability	4,727,368	3,924,898
Net OPEB liability	668,061	585,143
Total noncurrent liabilities	<u>6,414,550</u>	<u>5,606,986</u>
<b>Total liabilities</b>	<u>12,040,398</u>	<u>10,790,008</u>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	577,878	1,631,891
<b>Net Position</b>		
Net investment in capital assets	17,981,776	19,655,321
Restricted for:		
Nonexpendable - Donor restricted endowment	2,367,547	1,965,149
Expendable:		
Future state vehicle dispatch purchases	71,561	67,324
Acquisition or production of programming	16,072,612	16,808,987
Unrestricted	(3,017,120)	(4,048,441)
<b>Total net position</b>	<u>\$ 33,476,376</u>	<u>34,448,340</u>

See notes to financial statements.

---

Iowa Public Television

Statement of Activities

Year ended June 30, 2016

with summarized comparative information for the year ended June 30, 2015

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>
<u>Functions</u>			
Governmental activities:			
Administration	\$ 1,966,695	668,524	660,966
Engineering and informational technology	4,173,783	354,049	332,533
Educational services	1,292,442	251,189	258,762
Programming, operations and production	8,024,027	302,865	1,113,842
Communications and community engagement	1,330,781	-	510,235
Digital television	2,116,885	-	-
Fundraising services	3,952,027	179,380	7,969,526
Total	<u>\$22,856,640</u>	<u>1,756,007</u>	<u>10,845,864</u>
General revenues:			
State appropriation			
Unrestricted investment gain (loss)			
Total general revenues			
Change in net position			
Net position beginning of year			
Net position end of year			

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position 2016	Net (Expense) Revenue and Change in Net Position 2015
(637,205)	(381,966)
(3,487,201)	(3,372,509)
(782,491)	(786,835)
(6,607,320)	(6,201,299)
(820,546)	(660,388)
(2,116,885)	(2,624,113)
4,196,879	4,263,740
<u>(10,254,769)</u>	<u>(9,763,370)</u>
9,330,046	8,791,846
(47,241)	(39,461)
<u>9,282,805</u>	<u>8,752,385</u>
(971,964)	(1,010,985)
<u>34,448,340</u>	<u>35,459,325</u>
<u>\$ 33,476,376</u>	<u>34,448,340</u>

Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2016  
with summarized comparative information for June 30, 2015

<b>Assets</b>	<u>Special Revenue</u>	
	General	Iowa Public Television Foundation
Assets:		
Cash	\$ 9,414,496	997,301
Investments	-	9,832,713
Beneficial interest in community trust	-	-
Unexpended appropriation	2,193,595	-
Accounts receivable	38,013	2,862
Pledges receivable, net of allowance for uncollectible accounts of \$127,200 for 2016	-	2,074,354
Due from:		
Other funds	1,287,476	-
Other state agencies	87,399	-
Federal government	-	-
Restricted assets - cash	71,561	-
Inventory	-	36,877
Prepaid expenditures	147,040	41,913
<b>Total assets</b>	<b>\$ 13,239,580</b>	<b>12,986,020</b>
	<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>	
Liabilities:		
Accounts payable	\$ 658,667	343,678
Due to:		
Other funds	566,917	720,559
Other state agencies	36,339	88,256
Advances from grantors	3,174,923	309,675
<b>Total liabilities</b>	<b>4,436,846</b>	<b>1,462,168</b>
Deferred inflows of resources:		
Unavailable revenues:		
Memberships and contributions	-	1,727,501
Other	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,727,501</b>
Fund balances:		
Nonspendable:		
Prepaid expenditures and inventory	147,040	78,790
Foundation endowment	-	-
Restricted for:		
Subsequent years' expenditures	71,561	-
Noncurrent receivables	-	46,500
Specific purposes	5,011,827	9,671,061
Committed	3,621,023	-
Unassigned	(48,717)	-
<b>Total fund balances</b>	<b>8,802,734</b>	<b>9,796,351</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,239,580</b>	<b>12,986,020</b>

See notes to financial statements.

<u>Permanent</u>		
Foundation	Total	Total
Endowment	2016	2015
-	10,411,797	11,331,293
2,326,171	12,158,884	11,434,785
41,376	41,376	43,982
-	2,193,595	1,479,394
-	40,875	57,258
-	2,074,354	1,608,583
-	1,287,476	1,532,308
-	87,399	89,427
-	-	19,236
-	71,561	67,324
-	36,877	35,987
-	188,953	246,382
<u>2,367,547</u>	<u>28,593,147</u>	<u>27,945,959</u>
-	1,002,345	842,198
-	1,287,476	1,532,308
-	124,595	41,285
-	3,484,598	3,347,524
-	5,899,014	5,763,315
-	1,727,501	1,283,821
-	-	1,164
-	1,727,501	1,284,985
-	225,830	282,369
2,367,547	2,367,547	1,965,149
-	71,561	67,324
-	46,500	140,500
-	14,682,888	15,697,778
-	3,621,023	2,786,401
-	(48,717)	(41,862)
<u>2,367,547</u>	<u>20,966,632</u>	<u>20,897,659</u>
<u>2,367,547</u>	<u>28,593,147</u>	<u>27,945,959</u>

**Iowa Public Television**

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

June 30, 2016  
 with summarized comparative information for June 30, 2015

	<u>2016</u>		<u>2015</u>	
<b>Total governmental fund balances (page 21)</b>	\$ 20,966,632		\$ 20,897,659	
<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	\$ 17,969,436		\$ 19,642,196	
Iowa Public Television Foundation	<u>12,340</u>	17,981,776	<u>13,125</u>	19,655,321
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	
Iowa Public Television Foundation	<u>1,727,501</u>	1,727,501	<u>1,283,821</u>	1,284,985
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	807,205		801,267	
Deferred inflows of resources	<u>(577,878)</u>	229,327	<u>(1,631,891)</u>	(830,624)
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	(900,292)		(867,083)	
Non-current compensated absences	(898,078)		(1,018,300)	
Termination benefits payable, included in accounts payable	(235,061)		(163,577)	
Other postemployment benefits payable	(668,061)		(585,143)	
Net pension liability	<u>(4,727,368)</u>	<u>(7,428,860)</u>	<u>(3,924,898)</u>	<u>(6,559,001)</u>
<b>Net position of governmental activities (page 17)</b>	<u>\$ 33,476,376</u>		<u>\$ 34,448,340</u>	

See notes to financial statements.

Iowa Public Television

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds

Year ended June 30, 2016  
with summarized comparative information for the year ended June 30, 2015

	General	Special Revenue Iowa Public Television Foundation
Revenues:		
State appropriation	\$ 9,330,046	-
Federal assistance	15,628	-
Receipts from other entities	668,525	-
Fees and licenses	78,564	-
Gifts and grants	2,784,915	2,007,264
In-kind and indirect support	50,019	28,050
Memberships	-	5,726,512
Charges for service	850,858	-
Interest on investments	50,611	(97,852)
Miscellaneous	38,395	-
Total revenues	<u>13,867,561</u>	<u>7,663,974</u>
Expenditures:		
Administration	2,499,941	-
Engineering and informational technology	4,289,360	-
Educational services	1,345,225	-
Programming, operations and production	7,955,236	-
Communications and community engagement	1,355,583	-
Digital television	9,375	-
Fundraising services	-	3,951,242
Total expenditures	<u>17,454,720</u>	<u>3,951,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,587,159)</u>	<u>3,712,732</u>
Other financing sources (uses):		
Transfers in	8,112,090	-
Transfers out	(4,149,734)	(4,421,354)
Total other financing sources (uses)	<u>3,962,356</u>	<u>(4,421,354)</u>
Change in fund balances	375,197	(708,622)
Fund balances beginning of year	8,427,537	10,504,973
Fund balances end of year	<u>\$ 8,802,734</u>	<u>9,796,351</u>

See notes to financial statements.

Permanent Foundation Endowment	Total 2016	Total 2015
-	9,330,046	8,791,846
-	15,628	91,506
-	668,525	954,975
-	78,564	68,312
(56,600)	4,735,579	5,264,125
-	78,069	72,391
-	5,726,512	5,693,899
-	850,858	1,025,326
-	(47,241)	(39,461)
-	38,395	18,014
(56,600)	21,474,935	21,940,933
-	2,499,941	2,743,053
-	4,289,360	4,123,434
-	1,345,225	1,444,470
-	7,955,236	7,544,891
-	1,355,583	1,201,339
-	9,375	37,500
-	3,951,242	3,444,853
-	21,405,962	20,539,540
(56,600)	68,973	1,401,393
458,998	8,571,088	8,649,914
-	(8,571,088)	(8,649,914)
458,998	-	-
402,398	68,973	1,401,393
1,965,149	20,897,659	19,496,266
2,367,547	20,966,632	20,897,659

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, 2016  
with summarized comparative information for the year ended June 30, 2015

	2016	2015
<b>Change in fund balances - Total governmental funds (page 25)</b>	\$ 68,973	\$ 1,401,393
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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.	1,727,501	1,284,985
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.	(1,284,985)	(2,198,157)
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	\$ 1,271,555	\$ 1,485,246
Depreciation expense	(2,901,383)	(3,178,088)
Iowa Public Television Foundation:		
Expenditures for capital assets	5,572	13,500
Depreciation expense	(6,357)	(375)
	(1,630,613)	(1,679,717)
In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the loss on the disposition of capital assets.	(42,932)	(166,753)
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.	605,624	585,396
Only expenses which require current financial resources are reported in the governmental funds, whereas the Statement of Activities reports expenses for compensated absences, termination benefits, pension expense and other postemployment benefits not requiring the use of current financial resources, as follows:		
Compensated absences	87,013	(24,824)
Termination benefits	(71,484)	124,235
Pension expense	(348,143)	(262,208)
Other postemployment benefits	(82,918)	(75,335)
	(415,532)	(75,335)
<b>Change in net position of governmental activities (page 19)</b>	\$ (971,964)	\$ (1,010,985)

See notes to financial statements.

Iowa Public Television

Statement of Fiduciary Assets and Liabilities  
Agency Fund

June 30, 2016

with summarized comparison information for June 30, 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Accounts receivable	<u>\$ 2,332</u>	<u>\$ 1,243</u>
<b>Liabilities</b>		
Due to other state agencies	<u>\$ 2,332</u>	<u>\$ 1,243</u>

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2016

**(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, PO 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, 2015 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential.

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 applicable to a future year(s) which 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 applicable to a future year(s) which 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 IPERS’ 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, 2016 and 2015.

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 2016, 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.

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

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

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2016 and 2015 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, 2016 and 2015, the carrying amount of cash not held by the Treasurer of State was \$999,701 and \$2,025,620, respectively, and the bank balances were \$1,054,925 and \$2,091,220, respectively. Deposits of \$604,104 and \$530,818, 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, 2016 and 2015. The remaining deposits of \$450,821 and \$1,560,402, 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, 2016 and 2015, the Foundation's investments had fair values of \$12,158,884 and \$11,434,785, respectively. Investments of the foundation are not subject to GASB disclosure requirements.

**(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, 2016, 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, 2016 and 2015 were \$41,376 and \$43,982, respectively.

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

The detail of interfund receivables and payables at June 30, 2016 and 2015 is as follows:

Fund	2016		2015	
	Receivable	Payable	Receivable	Payable
General	\$ 1,287,476	566,917	1,522,333	784,252
Special Revenue, Iowa Public Television Foundation	-	720,559	9,975	748,056
Total	\$ 1,287,476	1,287,476	1,532,308	1,532,308

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, 2016 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	-	-	(15,000)	1,299,063
Buildings	8,943,496	-	-	(39,252)	8,904,244
Machinery, equipment and vehicles	15,816,448	131,915	633,068	(2,477,359)	14,104,072
Transmitters	33,312,993	-	-	(631,116)	32,681,877
Construction in progress	1,085,589	(131,915)	682,487	-	1,636,161
Total capital assets	60,472,589	-	1,315,555	(3,162,727)	58,625,417
Less accumulated depreciation for:					
Buildings	5,699,872	-	317,019	(36,696)	5,980,195
Transmitters	21,611,922	-	1,841,976	(604,616)	22,849,282
Machinery, equipment and vehicles	13,518,599	-	742,388	(2,434,483)	11,826,504
Total accumulated depreciation	40,830,393	-	2,901,383	(3,075,795)	40,655,981
Total capital assets, net	\$ 19,642,196	-	(1,585,828)	(86,932)	17,969,436
<b>Iowa Public Television Foundation:</b>					
Capital assets:					
Leasehold improvements	\$ 41,416	-	-	-	41,416
Machinery, equipment and vehicles	65,278	-	5,572	-	70,850
Total capital assets	106,694	-	5,572	-	112,266
Less accumulated depreciation for:					
Leasehold improvements	41,417	-	-	-	41,417
Machinery, equipment and vehicles	52,152	-	6,357	-	58,509
Total accumulated depreciation	93,569	-	6,357	-	99,926
Total capital assets, net	\$ 13,125	-	(785)	-	12,340

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
Transmitters	16,678,134	-	399,657	(1,261,343)	15,816,448
Machinery, equipment and vehicles	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

Depreciation expense for the years ended June 30, 2016 and 2015 was charged to the following functions:

	Iowa Public Television	Iowa Public Television Foundation	Total 2016	Total 2015
Governmental activities:				
Administration	\$ 232,653	-	232,653	288,624
Engineering and informational technology	416,553	-	416,553	328,842
Programming, operations and production	147,744	-	147,744	133,119
Communications and community engagement	7,080	-	7,080	497
Digital television	2,097,353	-	2,097,353	2,427,006
Fundraising services	-	6,357	6,357	375
Total depreciation expense	\$ 2,901,383	6,357	2,907,740	3,178,463

**(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 PO 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% 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% 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 – 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 2016 and 2015, pursuant to the required rates, regular members contributed 5.95% of covered payroll and Iowa Public Television contributed 8.93% of covered payroll, for a total rate of 14.88% each year.

Iowa Public Television’s contributions to IPERS for the years ended June 30, 2016 and 2015 totaled \$605,624 and \$585,396, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, Iowa Public Television reported a liability of \$4,727,368 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, Iowa Public Television’s proportion was 0.095686%, which was a decrease of .00328% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 Iowa Public Television recognized pension expense of \$348,143. At June 30, 2016 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	\$ 71,425	-
Changes of assumptions	130,156	-
Net difference between projected and actual earnings on IPERS’ investments	-	393,441
Changes in proportion and differences between Agency contributions and the Agency’s proportionate share of contributions	-	184,437
Agency contributions subsequent to the measurement date	605,624	-
Total	<u>\$ 807,205</u>	<u>577,878</u>

\$605,624 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 ending June 30, 2017. 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	\$ (181,946)
2017	(181,946)
2018	(181,946)
2019	172,079
2020	(2,538)
Total	<u>\$ (376,297)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 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.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

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 to 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%) or 1% higher (8.50%) 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	\$ 8,276,772	4,727,368	1,731,417

IPERS' 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).

Payables to IPERS - At June 30, 2016, Iowa Public Television reported payables to IPERS of \$24,341 for legally required employer contributions and \$16,218 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, 2041 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, 2016:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Minimum</u> <u>Rental</u> <u>Payments</u>
2017	\$ 248,117
2018	229,000
2019	220,577
2020	196,557
2021	197,139
2022-2026	317,110
2027-2031	73,583
2032-2036	77,341
2037-2041	64,324
Total	<u>\$ 1,623,748</u>

Rental expense for the years ended June 30, 2016 and 2015 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$374,914 and \$316,226, 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, 2016 and 2015 include the following:

	<u>Year ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Contributed support and in-kind contributions	<u>\$ 78,069</u>	<u>72,391</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, 2016:

Year Ending June 30,	Minimum Future Rentals
2017	\$ 341,064
2018	254,657
2019	176,872
2020	143,239
2021	103,723
2022-2026	171,782
2027-2031	19,735
Total	\$ 1,211,072

**(10) Interfund Transfers**

The detail of interfund transfers for the years ended June 30, 2016 and 2015 is as follows:

Fund	2016		2015	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ 8,112,090	4,149,734	\$ 8,631,475	4,268,906
Special Revenue, Iowa Public Television Foundation	-	4,421,354	-	4,381,008
Permanent, Foundation Endowment	458,998	-	18,439	-
Total	\$ 8,571,088	8,571,088	\$ 8,649,914	8,649,914

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, 2016 and 2015 are summarized as follows:

Year ended June 30, 2016	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Compensated absences	\$ 1,885,383	828,154	915,167	1,798,370	900,292
Net pension liability	3,924,898	802,470	-	4,727,368	-
Net OPEB liability	585,143	82,918	-	668,061	-
Total	\$ 6,395,424	1,713,542	915,167	7,193,799	900,292

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	\$ 8,027,376	895,879	2,527,831	6,395,424	867,083

**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 \$253,061 is included in accounts payable for retirees.

For the year ended June 30, 2016, twelve employees received benefits totaling \$83,566 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, 2016. Iowa Public Television's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are provided on a statewide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2016. 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 \$668,061 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) New Accounting Pronouncement**

Iowa Public Television adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

**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, 2016

	General Fund Actual	Less Funds not Required to be Budgeted	Net
<b>Revenues:</b>			
State appropriation	\$ 9,330,046	-	9,330,046
Federal assistance	15,628	15,628	-
Receipts from other entities	668,525	-	668,525
Fees and licenses	78,564	78,564	-
Gifts and grants	2,784,915	2,784,915	-
In-kind and indirect support	50,019	13,344	36,675
Charges for service	850,858	464,034	386,824
Interest on investments	50,611	50,611	-
Miscellaneous	38,395	38,395	-
Total revenues	<u>13,867,561</u>	<u>3,445,491</u>	<u>10,422,070</u>
<b>Expenditures:</b>			
Administration	2,499,941	624,287	1,875,654
Engineering and informational technology	4,289,360	332,533	3,956,827
Educational services	1,345,225	497,525	847,700
Programming, operations and production	7,955,236	5,778,074	2,177,162
Communications and community engagement	1,355,583	510,235	845,348
Digital television	9,375	-	9,375
Total expenditures	<u>17,454,720</u>	<u>7,742,654</u>	<u>9,712,066</u>
Excess (deficiency) of revenues over (under) expenditures	(3,587,159)	(4,297,163)	710,004
Other financing sources, net	3,962,356	3,936,121	26,235
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	375,197	(361,042)	736,239
Balance beginning of year	8,427,537	7,231,466	1,196,071
Balance end of year	<u>\$ 8,802,734</u>	<u>6,870,424</u>	<u>1,932,310</u>

See accompanying independent auditor's report.

---

Budgeted Amounts		Final to
Original	Final	Net
		Variance
9,330,046	9,330,046	-
-	-	-
-	-	668,525
-	-	-
5,500	5,500	(5,500)
-	-	36,675
338,000	338,000	48,824
-	-	-
-	-	-
9,673,546	9,673,546	748,524
1,087,382	1,087,382	(788,272)
5,489,042	4,201,105	244,278
940,776	940,776	93,076
2,077,862	2,177,862	700
868,686	868,686	23,338
-	-	(9,375)
10,463,748	9,275,811	(436,255)
(790,202)	397,735	312,269
185,015	185,015	(158,780)
(605,187)	582,750	153,489
1,001,187	1,001,187	194,884
396,000	1,583,937	348,373

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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.

---

Iowa Public Television

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

Iowa Public Employees' Retirement System  
For the Last Two Years\*  
(In Thousands)

Required Supplementary Information

	2016	2015
Agency's proportion of the net pension liability	0.095686%	0.098966%
Agency's proportionate share of the net pension liability (asset)	\$ 4,727	3,925
Agency's covered-employee payroll	\$ 6,550	6,476
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.17%	60.61%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

---

Iowa Public Television

Schedule of Agency Contributions

Iowa Public Employees' Retirement System  
For the Last Four Years  
(In Thousands)

Required Supplementary Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 606	585	581	560
Contributions in relation to the statutorily required contribution	(606)	(585)	(581)	(560)
Contribution deficiency (excess)	\$ -	-	-	-
Agency's covered-employee payroll	\$ 6,782	6,550	6,476	6,462
Contributions as a percentage of covered-employee payroll	8.93%	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, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

Legislative action in 2008 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.

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 future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

**Iowa Public Television**

**Required Supplementary Information**

Iowa Public Television  
Combining Balance Sheet  
General Fund Accounts

June 30, 2016  
with summarized comparative information for June 30, 2015

	State Appropriations #001	CPB Community Service Grant 2010-2012 #004	Iowa Infra- structure #017	CPB Community Service Grant 2011-2013 #033	Market to Market #069	IPTV Miscel- laneous #085
<b>Assets</b>						
Cash	\$ 2,400	2,669,128	-	675,083	75,126	561,907
Unexpended appropriation	428,300	-	1,221,403	-	-	-
Accounts receivable	20,362	-	-	197	-	5,134
Due from:						
Other funds	11,496	-	-	1,574	30,833	21,525
Other state agencies	-	5,078	-	2,004	125	1,048
Federal government	-	-	-	-	-	-
Restricted assets - cash	71,561	-	-	-	-	-
Prepaid expenditures	51,117	-	13,024	-	-	1,894
<b>Total assets</b>	<b>\$ 585,236</b>	<b>2,674,206</b>	<b>1,234,427</b>	<b>678,858</b>	<b>106,084</b>	<b>591,508</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 351,979	-	-	112,934	11,658	630
Due to:						
Other funds	109,457	5,078	-	92,004	1,367	-
Other state agencies	32,110	-	-	918	669	1,147
Advances from grantors	17,729	2,669,128	-	473,002	11,183	-
Total liabilities	511,275	2,674,206	-	678,858	24,877	1,777
Deferred inflows of resources:						
Other revenue	-	-	-	-	-	-
Fund balances:						
Nonspendable for prepaid expenditures	51,117	-	13,024	-	-	1,894
Restricted for:						
Subsequent years' expenditures	71,561	-	-	-	-	-
Specific purposes	-	-	-	-	-	-
Committed	-	-	1,221,403	-	81,207	587,837
Unassigned	(48,717)	-	-	-	-	-
Total fund balances	73,961	-	1,234,427	-	81,207	589,731
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 585,236</b>	<b>2,674,206</b>	<b>1,234,427</b>	<b>678,858</b>	<b>106,084</b>	<b>591,508</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 2016	Total 2015
790,360	63,531	74,322	678,029	378,620	3,445,990	-	9,414,496	9,308,073
-	-	-	-	-	-	543,892	2,193,595	1,479,394
-	-	566	10,581	1,074	99	-	38,013	57,258
203,188	11,738	-	116,085	-	891,037	-	1,287,476	1,522,333
2,746	67,807	146	1,416	753	6,276	-	87,399	89,427
-	-	-	-	-	-	-	-	19,236
-	-	-	-	-	-	-	71,561	67,324
-	-	-	975	-	-	80,030	147,040	193,585
996,294	143,076	75,034	807,086	380,447	4,343,402	623,922	13,239,580	12,736,630
111,458	9,398	-	21,110	-	39,500	-	658,667	482,714
276,074	6,701	-	75	-	76,161	-	566,917	784,252
610	45	-	25	-	815	-	36,339	41,285
-	3,881	-	-	-	-	-	3,174,923	2,999,678
388,142	20,025	-	21,210	-	116,476	-	4,436,846	4,307,929
-	-	-	-	-	-	-	-	1,164
-	-	-	975	-	-	80,030	147,040	193,585
-	-	-	-	-	-	-	71,561	67,324
-	-	-	784,901	-	4,226,926	-	5,011,827	5,422,089
608,152	123,051	75,034	-	380,447	-	543,892	3,621,023	2,786,401
-	-	-	-	-	-	-	(48,717)	(41,862)
608,152	123,051	75,034	785,876	380,447	4,226,926	623,922	8,802,734	8,427,537
996,294	143,076	75,034	807,086	380,447	4,343,402	623,922	13,239,580	12,736,630

Iowa Public Television

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

Year ended June 30, 2016  
with summarized comparative information for the year ended June 30, 2015

	State Appropri- ations #001	CPB Community Service Grant 2010-2012 #004	Iowa Infra- structure #017	CPB Community Service Grant 2011-2013 #033	Market to Market #069	IPTV Miscel- laneous #085
Revenues:						
State appropriation	\$ 8,073,846	-	1,256,200	-	-	-
Federal assistance	-	-	-	-	-	-
Receipts from other entities	668,525	-	-	-	-	-
Fees and licenses	-	-	-	-	71,914	-
Gifts and grants	-	495,421	-	2,240,544	-	-
In-kind and indirect support	36,675	-	-	-	11,455	-
Charges for service	386,824	-	-	-	-	-
Interest on investments	-	9,097	-	9,898	661	2,809
Miscellaneous	-	-	-	-	-	18,552
Total revenues	9,165,870	504,518	1,256,200	2,250,442	84,030	21,361
Expenditures:						
Administration	1,853,881	126,138	21,773	498,149	-	-
Engineering and informational technology	3,463,777	68,140	-	264,393	-	-
Educational services	847,700	35,843	-	187,568	-	-
Programming, operations and production	2,177,162	172,211	-	873,288	261,815	105,711
Communications and community engagement	845,348	93,089	-	417,146	-	-
Digital television	-	-	9,375	-	-	-
Total expenditures	9,187,868	495,421	31,148	2,240,544	261,815	105,711
Excess (deficiency) of revenues over (under) expenditures	(21,998)	9,097	1,225,052	9,898	(177,785)	(84,350)
Other financing sources (uses):						
Operating transfers in	26,235	-	-	-	89,167	154,852
Operating transfers out	-	(9,097)	-	(9,898)	-	-
Total other financing sources (uses)	26,235	(9,097)	-	(9,898)	89,167	154,852
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,237	-	1,225,052	-	(88,618)	70,502
Fund balance beginning of year	69,724	-	9,375	-	169,825	519,229
Fund balance end of year	\$ 73,961	-	1,234,427	-	81,207	589,731

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 2016	Total 2015
-	-	-	-	-	-	-	9,330,046	8,791,846
-	15,628	-	-	-	-	-	15,628	91,506
-	-	-	-	-	-	-	668,525	954,975
-	-	6,650	-	-	-	-	78,564	68,312
48,950	-	-	-	-	-	-	2,784,915	2,372,516
-	1,889	-	-	-	-	-	50,019	48,708
-	251,189	-	119,434	93,411	-	-	850,858	1,025,326
7,470	386	418	4,298	2,088	13,486	-	50,611	35,409
-	18,998	845	-	-	-	-	38,395	18,014
56,420	288,090	7,913	123,732	95,499	13,486	-	13,867,561	13,406,612
-	-	-	-	-	-	-	2,499,941	2,743,053
-	-	-	-	-	-	493,050	4,289,360	4,123,434
-	274,114	-	-	-	-	-	1,345,225	1,444,470
3,663,565	-	631	619,818	32,392	48,643	-	7,955,236	7,544,891
-	-	-	-	-	-	-	1,355,583	1,201,339
-	-	-	-	-	-	-	9,375	37,500
3,663,565	274,114	631	619,818	32,392	48,643	493,050	17,454,720	17,094,687
(3,607,145)	13,976	7,282	(496,086)	63,107	(35,157)	(493,050)	(3,587,159)	(3,688,075)
3,656,845	28,180	597	811,902	-	3,344,312	-	8,112,090	8,631,475
(67,418)	(28,088)	-	(300,817)	-	(3,734,416)	-	(4,149,734)	(4,268,906)
3,589,427	92	597	511,085	-	(390,104)	-	3,962,356	4,362,569
(17,718)	14,068	7,879	14,999	63,107	(425,261)	(493,050)	375,197	674,494
625,870	108,983	67,155	770,877	317,340	4,652,187	1,116,972	8,427,537	7,753,043
608,152	123,051	75,034	785,876	380,447	4,226,926	623,922	8,802,734	8,427,537

**Schedule 3**

---

Iowa Public Television

Schedule of Expenditures by Object  
General Fund

Year ended June 30, 2016

with summarized comparative information for the year ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Personal services	\$ 9,720,584	9,323,900
Travel	217,939	227,402
Supplies and materials	3,336,841	2,992,434
Contractual services	2,492,257	2,765,810
Equipment and repair	1,636,470	1,770,782
Claims and miscellaneous	9,861	13,386
Licenses, permits and refunds	1,268	973
State aid and credits	39,500	-
Total	<u>\$ 17,454,720</u>	<u>17,094,687</u>

See accompanying independent auditor's report.

## Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ -	46,870	46,870	-
Accounts receivable	1,243	2,332	1,243	2,332
Total assets	\$ 1,243	49,202	48,113	2,332
<b>Liabilities</b>				
Due to other state agencies	\$ 1,243	2,332	1,243	2,332

See accompanying independent auditor's report.

**Iowa Public Television**



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Board Members of Iowa Public Television:

We have audited 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, 2016, and the related Notes to Financial Statements, which collectively comprise the Iowa Public Television's basic financial statements, and have issued our report thereon dated December 13, 2016. 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control 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 the 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

December 13, 2016

Iowa Public Television

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Melissa A. Hastert, CPA, Staff Auditor  
Lucas P. Mullen, Staff Auditor  
Mallory A. Sims, Staff Auditor  
Ian N. Judson, Assistant Auditor  
Libby C. Lamfers, Assistant Auditor  
Mitchell W. Shipman, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, prominent initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State

## **Statistical Information**

Iowa Public Television  
Statistical Information  
Members and Contributors  
(Unaudited)

Year ended June 30, 2016

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2016 was as follows:

Contributors	5,924
Active members	45,836
Leadership Circle members	<u>1,042</u>
Total	<u><u>52,802</u></u>

See accompanying independent auditor's report.