



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

December 19, 2012

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Iowa Public Television for the year ended June 30, 2012. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$12,733,662 for the year, a 1.5% decrease from the prior year. Revenues included a state appropriation of \$8,902,484, gifts and grants of \$2,632,092, charges for service of \$783,333 and federal assistance of \$96,287. The Iowa Public Television Foundation received \$5,670,170 from Foundation memberships and corporate support of \$2,097,886.

Expenditures to operate the educational television network for the year ended June 30, 2012 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 2,324,191	622,572	2,946,763
Engineering and informational technology	5,079,954	-	5,079,954
Educational services	766,875	-	766,875
Programming, operations and production	9,267,225	2,891,652	12,158,877
Communications and community engagement	927,719	-	927,719
Digital television	310,494	-	310,494
Total	\$ 18,676,458	3,514,224	22,190,682

General Fund expenditures increased 5.1% from the prior year.

A copy of the audit report is available for review in Iowa Public Television's administrative office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-2850-0000.pdf>.

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**IOWA PUBLIC TELEVISION**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

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Iowa Public Television

**Officials**

Name

Title

**State**

Honorable Terry E. Branstad  
David Roederer  
Glen P. Dickinson

Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Board**

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

President  
Vice President  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**Agency**

Daniel K. Miller  
Kristine Houston  
Lori J. Smith

Executive Director  
Director of Administration  
Business Manager

**Iowa Public Television**



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Independent Auditor's Report

To the Board Members of  
Iowa Public Television:

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Public Television's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Iowa Public Television Foundation, a component unit which represents 100% of the assets and revenues of the Special Revenue Fund and 100% of the assets and revenues of the Permanent Fund. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Iowa Public Television Foundation, is based solely on the report of the other auditor.

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

As discussed in Note 1, the financial statements of Iowa Public Television are intended to present the financial position and the changes in financial position of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of Iowa Public Television. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2012, and the changes in its financial position for the year ended June 30, 2012 in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Iowa Public Television at June 30, 2012, and the respective changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2012 on our consideration of Iowa Public Television's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 7 through 13 and 42 through 44, respectively, 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 the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 6, 2012

# **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, 2012. 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 1,000,000 viewers watch IPTV each week. Contributing membership to the IPTV Foundation consists of approximately 54,000 households.

## **FINANCIAL HIGHLIGHTS**

- In fiscal year 2012, total revenues decreased by \$69,282.
- Program expenses for Iowa Public Television decreased by \$555,360 due to IPTV's continued efforts to lower costs.
- Iowa Public Television's governmental activities have a negative unrestricted fund balance. This is due to unfunded compensated absences and other postemployment benefits.

## **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

## **ENTITY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Iowa Public Television's combined net assets decreased to approximately \$40.6 million at the end of fiscal year 2012 as compared to approximately \$44.5 million at the end of fiscal year 2011.

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

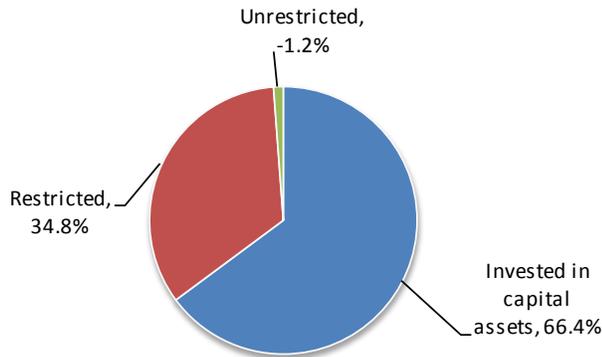
Restricted net assets represent the second largest portion of IPTV's net assets. Much of these restricted net assets will be used for the acquisition or production of programming. This portion also includes endowment assets that are subject to external restrictions on how they may be used. The earnings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

The remaining portion represents unrestricted net assets and is available to be used to meet IPTV's ongoing obligations to vendors. The negative fund balance for fiscal year 2012 is due to compensated absences and other postemployment benefits that are unfunded.

**Net Assets of Governmental Activities**

Assets	June 30, 2012	June 30, 2011
Current and other assets	\$ 20,298,876	21,396,667
Capital assets	26,939,447	29,587,773
Total Assets	<u>47,238,323</u>	<u>50,984,440</u>
Liabilities		
Current liabilities	4,797,518	4,677,717
Noncurrent liabilities	1,887,082	1,815,360
Total Liabilities	<u>6,684,600</u>	<u>6,493,077</u>
Net Assets		
Invested in capital assets	26,939,447	29,587,573
Restricted	14,095,554	14,105,059
Unrestricted	(481,278)	798,531
Total Net Assets	<u>\$ 40,553,723</u>	<u>44,491,163</u>

**FY 2012  
Composition of Net Assets**

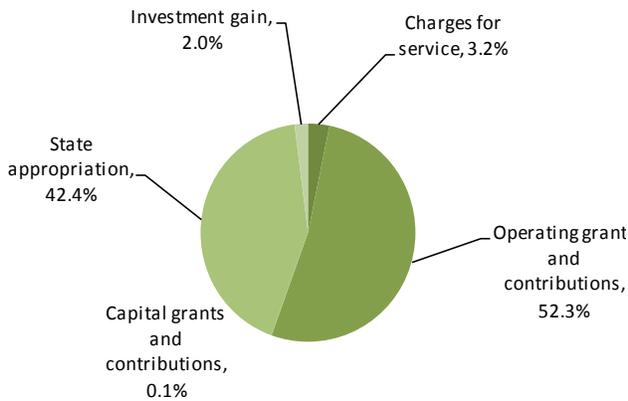


The net assets of IPTV decreased approximately \$3.9 million during fiscal year 2012. Fiscal year 2012 revenues were \$69,282 less than in fiscal year 2011. Operating grants and contributions, totaled approximately \$10.9 million, a 13% increase over the prior year, and represent 52.3% of total revenues 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 2012, IPTV received a state appropriation of approximately \$8.9 million, of which approximately \$1 million was passed directly to regional telecommunications councils across the state. The state appropriation of approximately \$8.9 million represents 42.4% of total revenues. Fiscal year 2012 expenses were \$555,360 lower than in fiscal year 2011. Programming, operations and production expenses of approximately \$12.2 million represent 49% of total expenses during the fiscal year. The majority of the expenses for the IPTV Foundation are included in programming, operations and production expenses.

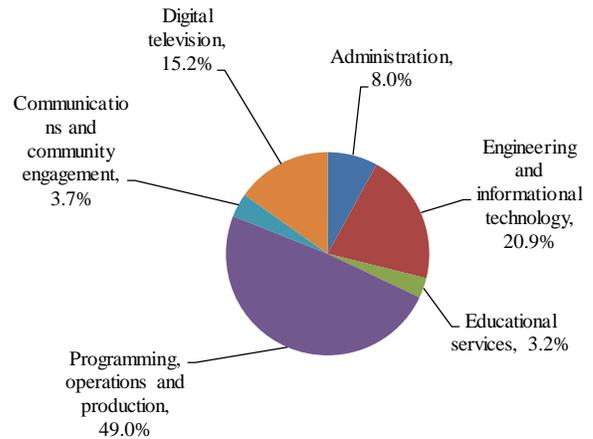
**Changes in Net Assets of Governmental Activities**

	Year Ended June 30, 2012	Year Ended June 30, 2011
Revenues:		
Program revenues:		
Charges for service	\$ 663,926	929,378
Operating grants and contributions	10,945,675	9,686,406
Capital grants and contributions	29,409	153,231
General revenues:		
State appropriation	8,882,484	8,552,577
Investment gain	412,440	1,681,624
Total revenues	<u>20,933,934</u>	<u>21,003,216</u>
Program expenses:		
Administration	1,982,576	1,911,265
Engineering and informational technology	5,190,056	5,722,774
Educational services	790,231	604,458
Programming, operations and production	12,190,346	11,975,908
Communications and community engagement	942,607	897,940
Digital television	3,775,558	4,314,389
Total expenses	<u>24,871,374</u>	<u>25,426,734</u>
Change in net assets	(3,937,440)	(4,423,518)
Net assets beginning of year	44,491,163	48,914,681
Net assets end of year	<u>\$ 40,553,723</u>	<u>44,491,163</u>

**FY 2012 Revenues by Source**



**FY 2012 Expenses by Program**



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

Required supplementary information further explains and supports the financial statements with a comparison of Budget and Actual for the General Fund and can be found beginning on page 42.

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

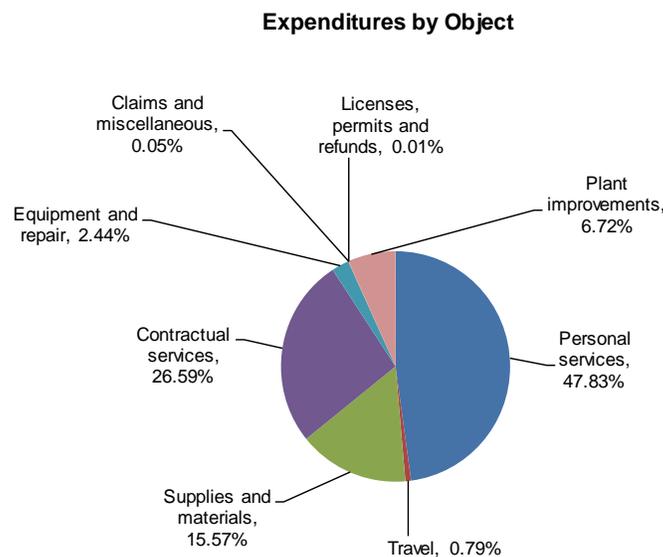
**FINANCIAL ANALYSIS OF IPTV’S INDIVIDUAL FUNDS**

General Fund (Exhibits C and E):

As of June 30, 2012, IPTV reported a combined General Fund balance of approximately \$7 million, which is approximately \$1.3 million less than the previous year’s total of approximately \$8.3 million. IPTV’s General Fund expenditures exceeded General Fund revenues by approximately \$5.9 million and approximately \$4.7 million in transfers were received from the Special Revenue, Iowa Public Television Foundation Fund and the Permanent, Foundation Endowment Fund.

Iowa Public Television’s total state appropriation of approximately \$8.9 million represents 70% of total General Fund revenues of approximately \$12.7 million. Gifts and grants of approximately \$2.6 million represent 20.7% of total General Fund revenues, while Federal assistance of \$96,287 represents .8% of total General Fund revenues.

Personal services of approximately \$8.9 million represent 47.8% of General Fund expenditures. Contractual services of approximately \$5 million represent 26.6% of total General Fund expenses of approximately \$18.7 million (see Schedule 3). Contractual services remain a significant expense item. However, much of this expenditure relates to the pass-through of support to other government entities, such as local school districts and other educational entities. Other significant expenses include the acquisition of national television programming and utilities needed to operate IPTV’s television transmission facilities.



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

Iowa Public Television's Special Revenue Fund consists of the Iowa Public Television Foundation. As of June 30, 2012, IPTV reported a Special Revenue Fund balance of approximately \$7 million. The Special Revenue Fund balance decreased \$31,563 from the fiscal year ended June 30, 2011. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$4.6 million. This excess was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$8.1 million was comprised mainly of approximately \$5.7 million in membership revenue and approximately \$2.1 million in gifts and grants.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

IPTV amended its revenue budget in January 2012 by \$5,050 to budget for a donation for the GED Connection series.

Iowa Public Television's receipts were \$45,857 more than budgeted receipts, a variance of .5%. Iowa Public Television received more in charges for service than budgeted. Also, IPTV had in-kind and indirect support that was not budgeted.

Total disbursements were \$65,728 less than budgeted. Actual disbursements for digital television activities were \$81,448 more than budgeted. Total expenses for digital television were budgeted at the amount of funds available to be spent. However, the funds are used over a period of time as towers and equipment are constructed or installed. Funds were carried forward to the next fiscal year for continued digital television conversion expenses.

Iowa Public Television exceeded the budgeted amount in the administration, programming, operations and production and digital television functions for the year ended June 30, 2012, primarily due to in-kind and indirect support that was not budgeted. All other IPTV functional areas came in under budget.

### **CAPITAL ASSETS**

Iowa Public Television's investment in capital assets for its governmental activities at June 30, 2012 was approximately \$61.4 million, net of accumulated depreciation of approximately \$34.4 million leaving a net book value of approximately \$27 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 \$2.6 million. Depreciation charges for the year totaled approximately \$4 million.

Iowa Public Television's fiscal year 2012 capital budget included \$1.2 million to purchase a building and land in Johnston, Iowa. IPTV had been renting this building for several years.

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 11, 2012 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2013.

The fiscal year 2013 state appropriation for IPTV was increased by 4.7% in SF 2321.

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

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

**Iowa Public Television**

## **Basic Financial Statements**

**Iowa Public Television**

## Iowa Public Television

## Statement of Net Assets

June 30, 2012

with partial financial information for June 30, 2011

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 10,217,021	14,118,920
Investments	85,897	82,509
Beneficial interest in community trust	34,510	14,853
Unexpended appropriation	432,899	1,656,994
Accounts receivable, net of allowance for uncollectible accounts of \$0 for 2012 and \$1,220 for 2011	141,496	134,859
Pledges receivable, net of allowance for uncollectible accounts of \$174,600 for 2012 and \$151,300 for 2011	861,011	833,949
Due from other state agencies	55,182	133,346
Due from federal government	69,458	-
Restricted assets-cash	27,114	4
Inventory	32,589	38,629
Prepaid expenses	184,254	209,331
Total current assets	<u>12,141,431</u>	<u>17,223,394</u>
Noncurrent assets:		
Investments	8,025,945	4,011,173
Pledges receivable	131,500	162,100
Capital assets, net	26,939,447	29,587,573
Total noncurrent assets	<u>35,096,892</u>	<u>33,760,846</u>
<b>Total assets</b>	<u>47,238,323</u>	<u>50,984,240</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	974,574	853,513
Capital lease purchase agreements	438	14,159
Due to other state agencies	54,702	118,021
Deferred revenue	2,916,376	2,822,437
Compensated absences	851,428	869,587
Total current liabilities	<u>4,797,518</u>	<u>4,677,717</u>
Noncurrent liabilities:		
Accounts payable	206,430	300,104
Capital lease purchase agreements	-	438
Compensated absences	1,257,187	1,214,452
Net OPEB liability	423,465	300,366
Total noncurrent liabilities	<u>1,887,082</u>	<u>1,815,360</u>
<b>Total liabilities</b>	<u>6,684,600</u>	<u>6,493,077</u>
<b>Net Assets</b>		
Invested in capital assets	26,939,447	29,587,573
Restricted for:		
Nonexpendable:		
Donor restricted endowment	1,722,985	1,547,985
Expendable:		
Future state vehicle dispatch purchases	27,114	4
Acquisition or production of programming	12,345,455	12,557,070
Unrestricted	(481,278)	798,531
<b>Total net assets</b>	<u>\$ 40,553,723</u>	<u>44,491,163</u>

See notes to financial statements.

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Iowa Public Television

Statement of Activities

Year ended June 30, 2012  
with partial financial information for the year ended June 30, 2011

	Program Revenues		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions</u>	<u>Expenses</u>		
Governmental activities:			
Administration	\$ 1,982,576	-	40,210
Engineering and informational technology	5,190,056	299,427	-
Educational services	790,231	15,936	284,148
Programming, operations and production	12,190,346	263,761	10,621,317
Communications and community engagement	942,607	84,802	-
Digital television	3,775,558	-	29,409
Total	<u>\$ 24,871,374</u>	<u>663,926</u>	<u>10,945,675</u>
General revenues:			
State appropriation			
Unrestricted investment gain			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			
See notes to financial statements.			

<u>Net (Expense) Revenue and Change in Net Assets 2012</u>	<u>Net (Expense) Revenue and Change in Net Assets 2011</u>
(1,942,366)	(1,852,133)
(4,890,629)	(5,436,388)
(490,147)	(418,319)
(1,305,268)	(1,956,218)
(857,805)	(833,503)
<u>(3,746,149)</u>	<u>(4,161,158)</u>
<u>(13,232,364)</u>	<u>(14,657,719)</u>
8,882,484	8,552,577
412,440	1,681,624
<u>9,294,924</u>	<u>10,234,201</u>
(3,937,440)	(4,423,518)
<u>44,491,163</u>	<u>48,914,681</u>
<u>\$ 40,553,723</u>	<u>44,491,163</u>

Iowa Public Television

Balance Sheet  
Governmental Funds

June 30, 2012  
with partial financial information for June 30, 2011

<b>Assets</b>	<u>Special Revenue</u>	
	General	Iowa Public Television Foundation
Assets:		
Cash	\$ 9,590,150	626,871
Investments	-	6,388,857
Beneficial interest in community trust	-	34,510
Unexpended appropriation	432,899	-
Accounts receivable	140,703	793
Pledges receivable, net of allowance for uncollectible accounts of \$174,600 for 2012	-	992,511
Due from:		
Other funds	1,053,510	110,152
Other state agencies	55,182	-
Federal government	69,458	-
Restricted assets-cash	27,114	-
Inventory	-	32,589
Prepaid expenditures	134,475	49,779
<b>Total assets</b>	<b>\$ 11,503,491</b>	<b>8,236,062</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 595,857	254,426
Due to:		
Other funds	890,899	272,763
Other state agencies	54,702	-
Deferred revenue	2,934,165	673,703
Total liabilities	4,475,623	1,200,892
Fund balances:		
Nonspendable:		
Prepaid expenditures and inventory	134,475	82,368
Foundation endowment	-	-
Restricted for:		
Subsequent years' expenditures	27,114	-
Noncurrent receivables	-	131,500
Specific purposes	5,229,756	6,821,302
Committed	1,646,717	-
Unassigned	(10,194)	-
Total fund balances	7,027,868	7,035,170
<b>Total liabilities and fund balances</b>	<b>\$ 11,503,491</b>	<b>8,236,062</b>

See notes to financial statements.

Permanent Foundation Endowment	Total 2012	Total 2011
-	10,217,021	14,118,920
1,722,985	8,111,842	4,093,682
-	34,510	14,853
-	432,899	1,656,994
-	141,496	134,859
-	992,511	996,049
-	1,163,662	1,457,093
-	55,182	133,346
-	69,458	-
-	27,114	4
-	32,589	38,629
-	184,254	209,331
1,722,985	21,462,538	22,853,760
-	850,283	720,442
-	1,163,662	1,457,093
-	54,702	118,021
-	3,607,868	3,559,260
-	5,676,515	5,854,816
-	216,843	247,960
1,722,985	1,722,985	1,547,985
-	27,114	4
-	131,500	162,100
-	12,051,058	12,121,249
-	1,646,717	2,929,240
-	(10,194)	(9,594)
1,722,985	15,786,023	16,998,944
1,722,985	21,462,538	22,853,760

**Exhibit D**

## Iowa Public Television

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net AssetsJune 30, 2012  
with partial financial information for June 30, 2011

	2012		2011
<b>Total governmental fund balances (page 21)</b>	\$ 15,786,023		16,998,944
<b>Amounts reported for governmental activities in the Statement of Net Assets 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	\$ 26,926,154		29,562,277
Iowa Public Television Foundation	13,293	26,939,447	25,296
			29,587,573
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds, as follows:			
Iowa Public Television deferred revenue	18,289		19,029
Iowa Public Television Foundation deferred revenue	673,203	691,492	717,794
			736,823
Long term liabilities, including capital lease purchase agreements, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Capital lease purchase agreements	(438)		(14,597)
Current compensated absences	(851,428)		(869,587)
Non-current compensated absences	(1,257,187)		(1,214,452)
Termination benefits payable, included in accounts payable	(330,721)		(433,175)
Other postemployment benefits payable	(423,465)	(2,863,239)	(300,366)
			(2,832,177)
<b>Net assets of governmental activities (page 17)</b>	<b>\$ 40,553,723</b>		<b>44,491,163</b>

See notes to financial statements.

**Iowa Public Television**

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Iowa Public Television

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

Year ended June 30, 2012  
with partial financial information for the year ended June 30, 2011

	<u>General</u>
Revenues:	
State appropriation	\$ 8,902,484
Federal assistance	96,287
Receipts from other entities	-
Fees and licenses	94,289
Gifts and grants	2,632,092
In-kind and indirect support	92,024
Memberships	-
Charges for service	783,333
Interest on investments	24,997
Miscellaneous	108,156
Total revenues	<u>12,733,662</u>
Expenditures:	
Administration	2,324,191
Engineering and informational technology	5,079,954
Educational services	766,875
Programming, operations and production	9,267,225
Communications and community engagement	927,719
Digital television	310,494
Total expenditures	<u>18,676,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,942,796)</u>
Other financing sources (uses):	
Operating transfers in	9,589,251
Operating transfers out	(4,882,813)
Reversion	(20,000)
Total other financing sources (uses)	<u>4,686,438</u>
Net change in fund balances	(1,256,358)
Fund balances beginning of year, as reclassified	<u>8,284,226</u>
Fund balances end of year	<u>\$ 7,027,868</u>
See notes to financial statements.	

<u>Special Revenue</u>			
<u>Iowa Public</u>	<u>Permanent</u>		
<u>Television</u>	<u>Foundation</u>	<u>Total</u>	<u>Total</u>
<u>Foundation</u>	<u>Endowment</u>	<u>2012</u>	<u>2011</u>
-	-	8,902,484	8,552,577
-	-	96,287	227,730
-	-	-	4,925
-	-	94,289	93,937
2,097,886	75,000	4,804,978	4,436,157
33,600	-	125,624	80,529
5,670,170	-	5,670,170	6,479,797
-	-	783,333	996,449
290,206	97,237	412,440	1,681,624
-	-	108,156	43,062
<u>8,091,862</u>	<u>172,237</u>	<u>20,997,761</u>	<u>22,596,787</u>
622,572	-	2,946,763	1,714,840
-	-	5,079,954	5,202,978
-	-	766,875	749,405
2,891,652	-	12,158,877	11,913,228
-	-	927,719	919,271
-	-	310,494	583,201
<u>3,514,224</u>	<u>-</u>	<u>22,190,682</u>	<u>21,082,923</u>
<u>4,577,638</u>	<u>172,237</u>	<u>(1,192,921)</u>	<u>1,513,864</u>
-	-	9,589,251	8,309,500
(4,609,201)	(97,237)	(9,589,251)	(8,309,500)
-	-	(20,000)	-
<u>(4,609,201)</u>	<u>(97,237)</u>	<u>(20,000)</u>	<u>-</u>
(31,563)	75,000	(1,212,921)	1,513,864
<u>7,066,733</u>	<u>1,647,985</u>	<u>16,998,944</u>	<u>15,485,080</u>
<u>7,035,170</u>	<u>1,722,985</u>	<u>15,786,023</u>	<u>16,998,944</u>

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, 2012  
with partial financial information for the year ended June 30, 2011

	2012	2011
<b>Net change in fund balances - Total governmental funds (page 25)</b>	\$ (1,212,921)	1,513,864
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
Contributions which will not be collected for several months after year end are not considered available revenues and, therefore, are deferred in the governmental funds.	691,492	736,823
Governmental funds report revenue in the current year for amounts deferred in prior years because they were not considered available at that time.	(736,823)	(2,169,392)
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	\$ 1,461,432	148,430
Depreciation expense	(4,043,399)	(4,164,541)
Iowa Public Television Foundation:		
Depreciation expense	<u>(12,003)</u>	<u>(18,561)</u>
	(2,593,970)	(4,034,672)
In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the gain or loss on the disposition of capital assets.	(54,156)	(410,746)
Only expenses which require current financial resources are reported in governmental funds, whereas the Statement of Activities reports expenses for capital lease purchase agreements, compensated absences, termination benefits and other postemployment benefits not requiring the use of current financial resources, as follows:		
Capital lease purchase agreements	14,159	20,156
Compensated absences	(24,576)	(91,957)
Termination benefits	102,454	99,786
Other postemployment benefits	<u>(123,099)</u>	<u>(87,380)</u>
	(31,062)	(59,395)
<b>Change in net assets of governmental activities (page 19)</b>	<u>\$ (3,937,440)</u>	<u>(4,423,518)</u>

See notes to financial statements.

Iowa Public Television  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2012  
with partial financial information for June 30, 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Accounts receivable	<u>\$ 1,234</u>	<u>4,790</u>
<b>Liabilities</b>		
Due to other state agencies	<u>\$ 1,234</u>	<u>4,790</u>
See notes to financial statements.		

Iowa Public Television

Notes to Financial Statements

June 30, 2012

**(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	K38LE-D Channel 38, Lansing
KRIN-DT Channel 35, Waterloo	K44AB-D Channel 44, Keokuk
KHIN-DT Channel 35, Red Oak	K24IM-D Channel 24, Keosauqua
KQIN-DT Channel 34, Davenport	

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

The basic financial statements include partial prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Iowa Public Television's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

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

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

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

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

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

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

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

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

Iowa Public Television reports the following major governmental funds:

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

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

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

Iowa Public Television also reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

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

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

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

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

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

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

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

Compensated Absences – Iowa Public Television employees accrue vacation, sick leave and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. The liabilities for compensated absences are based on rates of pay in effect at June 30, 2012 and 2011.

State Appropriations and Reversions – The Legislature makes annual appropriations of state funds to the various agencies. No payment of an obligation for goods and services can be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless such goods or services are received on or before June 30. Unobligated balances of operational appropriations at the end of fiscal year 2012, if any, were deposited in the General Fund of the state.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Reclassification

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

**(2) Deposits and Investments**

Iowa Public Television's deposits with the Treasurer of State throughout the period and at June 30, 2012 and 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. All interest income on money invested in the investment pool is retained in the fund holding the cash balance.

At June 30, 2012 and 2011, the carrying amount of cash not held by the Treasurer of State was \$629,271 and \$4,876,355, respectively, and the bank balances were \$661,946 and \$4,898,011, respectively. Deposits of \$281,361 and \$373,337, 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, 2012 and 2011. The remaining deposits of \$380,585 and \$4,524,674, 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, 2012 and 2011, the Foundation's investments had fair values of \$8,111,842 and \$4,093,682, respectively.

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

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

The organization's beneficial interest in the Foundation's net assets is carried at fair market value. The balance of the interest at June 30, 2012 was \$34,510.

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

The detail of interfund receivables and payables at June 30, 2012 and 2011 is as follows:

Fund	2012		2011	
	Receivable	Payable	Receivable	Payable
General	\$ 1,053,510	890,899	1,457,093	1,088,743
Special Revenue, Iowa Public Television Foundation	110,152	272,763	-	368,350
Total	<u>\$ 1,163,662</u>	<u>1,163,662</u>	<u>1,457,093</u>	<u>1,457,093</u>

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

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

**(5) Capital Assets**

Capital asset activity for the year ended June 30, 2012 is 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	\$ 1,150,669	-	213,435	(50,041)	1,314,063
Buildings	7,901,431	-	1,042,065	-	8,943,496
Transmitters	33,478,667	(127,891)	-	-	33,350,776
Leasehold improvements	60,091	-	-	(60,091)	-
Machinery, equipment and vehicles	17,311,934	127,891	205,932	-	17,645,757
Total capital assets	59,902,792	-	1,461,432	(110,132)	61,254,092
Less accumulated depreciation for:					
Buildings	4,380,229	-	336,248	-	4,716,477
Transmitters	15,238,407	(123,469)	1,939,701	-	17,054,639
Leasehold improvements	54,125	-	1,851	(55,976)	-
Machinery, equipment and vehicles	10,667,754	123,469	1,765,599	-	12,556,822
Total accumulated depreciation	30,340,515	-	4,043,399	(55,976)	34,327,938
Total capital assets, net	\$ 29,562,277	-	(2,581,967)	(54,156)	26,926,154
<b>Iowa Public Television Foundation:</b>					
Capital assets:					
Leasehold improvements	\$ 41,416	-	-	-	41,416
Machinery, equipment and vehicles	88,960	-	-	-	88,960
Total capital assets	130,376	-	-	-	130,376
Less accumulated depreciation for:					
Leasehold improvements	38,281	-	2,761	-	41,042
Machinery, equipment and vehicles	66,799	-	9,242	-	76,041
Total accumulated depreciation	105,080	-	12,003	-	117,083
Total capital assets, net	\$ 25,296	-	(12,003)	-	13,293

Capital asset activity for the year ended June 30, 2011 is 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	\$ 1,340,220	-	15,000	(204,551)	1,150,669
Buildings	7,901,431	-	-	-	7,901,431
Transmitters	34,410,231	-	140,784	(1,072,348)	33,478,667
Leasehold improvements	60,091	-	-	-	60,091
Machinery, equipment and vehicles	17,213,081	-	98,853	-	17,311,934
Construction in progress	106,207	-	-	(106,207)	-
Total capital assets	61,031,261	-	254,637	(1,383,106)	59,902,792
Less accumulated depreciation for:					
Buildings	4,049,926	-	345,149	(14,846)	4,380,229
Transmitters	14,145,082	-	1,944,632	(851,307)	15,238,407
Leasehold improvements	51,657	-	2,468	-	54,125
Machinery, equipment and vehicles	8,795,462	-	1,872,292	-	10,667,754
Total accumulated depreciation	27,042,127	-	4,164,541	(866,153)	30,340,515
Total capital assets, net	\$ 33,989,134	-	(3,909,904)	(516,953)	29,562,277
<b>Iowa Public Television Foundation:</b>					
Capital assets:					
Leasehold improvements	\$ 46,237	-	-	(4,821)	41,416
Machinery, equipment and vehicles	442,382	-	-	(353,422)	88,960
Total capital assets	488,619	-	-	(358,243)	130,376
Less accumulated depreciation for:					
Leasehold improvements	40,340	-	2,762	(4,821)	38,281
Machinery, equipment and vehicles	404,422	-	15,799	(353,422)	66,799
Total accumulated depreciation	444,762	-	18,561	(358,243)	105,080
Total capital assets, net	\$ 43,857	-	(18,561)	-	25,296

Depreciation expense for the years ended June 30, 2012 and 2011 was charged to the following functions:

	Iowa Public Television	Iowa Public Television Foundation	Total 2012	Total 2011
Governmental activities:				
Administration	\$ 240,635	12,003	252,638	236,867
Engineering and informational technology	231,537	-	231,537	256,624
Educational services	1,280	-	1,280	19,841
Programming, operations and production	89,412	-	89,412	87,797
Digital television	3,480,535	-	3,480,535	3,581,973
Total depreciation expense	\$ 4,043,399	12,003	4,055,402	4,183,102

**(6) Pension and Retirement Benefits**

Iowa Public Television contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or by calling 515-281-0020.

For the year ended June 30, 2012, plan members are required to contribute 5.38% of their annual covered salary and Iowa Public Television is required to contribute 8.07% of annual covered payroll. For the year ended June 30, 2011, plan members were required to contribute 4.50% of their annual covered salary and Iowa Public Television was required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. Iowa Public Television's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$521,680, \$447,304 and \$428,684, respectively, equal to the required contributions for each year.

**(7) Operating Leases**

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

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Year Ending June 30,	Minimum Rental Payments
2013	\$ 168,710
2014	159,777
2015	124,063
2016	99,563
2017	99,811
2018-2022	401,211
2023-2027	70,850
2028-2032	74,393
2033-2037	78,112
2038-2040	48,246
Total	\$ 1,324,736

Rental expense for the years ended June 30, 2012 and 2011 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$382,279 and \$471,768, 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, 2012 and 2011 include the following:

	<u>2012</u>	<u>2011</u>
Contributed support and in-kind	<u>\$ 125,624</u>	<u>80,529</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, 2012:

Year Ending June 30,	Minimum Future Rentals
2013	\$ 278,241
2014	251,399
2015	224,916
2016	225,854
2017	224,051
2018-2022	<u>431,210</u>
Total	<u>\$ 1,635,671</u>

**(10) Capital Lease Purchase Agreements**

The Foundation leases its server with a historical cost of \$29,814 under a capital lease purchase agreement. The following is a schedule of the future minimum lease payments, including interest at a rate of 6.675% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2012:

Year Ending June 30,	Total
2013	<u>\$ 448</u>
Total minimum lease payments	448
Less amount representing interest	<u>(10)</u>
Present value of net minimum lease payments	<u>\$ 438</u>

Payments under capital lease purchase agreements totaled \$14,729 and \$22,142 for the years ended June 30, 2012 and 2011, respectively.

**(11) Interfund Transfers**

The detail of interfund transfers for the years ended June 30, 2012 and 2011 is as follows:

Fund	2012		2011	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ 9,589,251	4,882,813	8,309,500	4,108,134
Special Revenue, Iowa Public Television Foundation	-	4,609,201	-	3,817,447
Permanent, Foundation Endowment	-	97,237	-	383,919
Total	\$ 9,589,251	9,589,251	8,309,500	8,309,500

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

**(12) Risk Management**

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

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

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

Changes in compensated absences and other postemployment benefit obligations for the years ended June 30, 2012 and 2011 are summarized as follows:

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

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

Sick Leave Insurance Program (SLIP)

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

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

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

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

Iowa Public Television will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, until the employee waives the benefit or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir. If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the SLIP account will be forfeited. All SLIP program benefits are financed on a pay-as-you-go basis by Iowa Public Television. Amounts calculated for this program are included in the compensated absences liability for current employees and \$95,654 is included in accounts payable for retirees.

For the year ended June 30, 2012, three employees received benefits totaling \$43,950 under SLIP.

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

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

Participants in SERIP will receive the following incentives:

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

leave and, for participants with at least ten years of state employment, \$1,000 for each year of state employment, up to 25 years of employment. The total unused vacation leave and years of service incentive shall be paid in five equal installments beginning in September 2010 and ending in 2014.

SERIP is financed on a pay-as-you-go basis by Iowa Public Television. Five employees retired under this program and the amounts due have been recorded as accounts payable. The liability for the expected future health insurance benefits at June 30, 2012 is \$134,420 and the liability for the unused vacation leave and years of service incentive payments at June 30, 2012 is \$100,647.

Other Postemployment Benefits

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

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$378,000,000 for the State of Iowa at June 30, 2012. Iowa Public Television's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2012. 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 \$423,465 for other postemployment benefits, which represents Iowa Public Television's portion of the State's net OPEB liability. Iowa Public Television's portion of the net OPEB liability was calculated using the ratio of full time equivalent Iowa Public Television employees compared to all full time equivalent employees of the State of Iowa.

**(14) Reclassification**

A reclassification of \$100,000 from the temporarily restricted to the permanently restricted net assets was made by Iowa Public Television Foundation subsequent to year end due to a clarification between the Foundation and the donor. The effect of the reclassification is as follows:

	Special Revenue, Iowa Public Television Foundation	Permanent, Foundation Endowment
Balances June 30, 2011, as previously reported	\$ 7,166,733	1,547,985
Change in classification per donor restriction	(100,000)	100,000
Balances July 1, 2011, as reclassified	<u>\$ 7,066,733</u>	<u>1,647,985</u>

**Iowa Public Television**

**Required Supplementary Information**

Iowa Public Television  
 Budgetary Comparison Schedule of  
 Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual – General Fund

Required Supplementary Information

Year ended June 30, 2012

	General Fund Actual	Less Funds not Required to be Budgeted	Net
<b>Revenues:</b>			
State appropriation	\$ 8,902,484	-	8,902,484
Federal assistance	96,287	96,287	-
Fees and licenses	94,289	94,289	-
Gifts and grants	2,632,092	2,627,092	5,000
In-kind and indirect support	92,024	51,814	40,210
Charges for service	783,333	388,168	395,165
Interest on investments	24,997	24,997	-
Miscellaneous	108,156	108,156	-
Total revenues	12,733,662	3,390,803	9,342,859
<b>Expenditures:</b>			
Administration	2,324,191	-	2,324,191
Engineering and informational technology	5,079,954	-	5,079,954
Educational services	766,875	424,972	341,903
Programming, operations and production	9,267,225	7,611,201	1,656,024
Communications and community engagement	927,719	-	927,719
Digital television	310,494	29,409	281,085
Total expenditures	18,676,458	8,065,582	10,610,876
Excess (deficiency) of revenues over (under) expenditures	(5,942,796)	(4,674,779)	(1,268,017)
Other financing sources, net	4,686,438	4,692,363	(5,925)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,256,358)	17,584	(1,273,942)
Balance beginning of year	8,284,226	6,775,751	1,508,475
Balance end of year	\$ 7,027,868	6,793,335	234,533

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
8,902,484	8,902,484	-
-	-	-
-	-	-
500	5,525	(525)
-	-	40,210
388,968	388,993	6,172
-	-	-
-	-	-
9,291,952	9,297,002	45,857
2,271,759	2,283,759	(40,432)
5,333,458	5,249,458	169,504
353,024	358,024	16,121
1,530,955	1,602,955	(53,069)
982,771	982,771	55,052
34,700	199,637	(81,448)
10,506,667	10,676,604	65,728
(1,214,715)	(1,379,602)	111,585
190,115	170,065	(175,990)
(1,024,600)	(1,209,537)	(64,405)
1,220,000	1,346,690	161,785
195,400	137,153	97,380

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

The budgetary process described above does not apply to the non-appropriated accounts, indirect cost associated with in-kind and indirect support revenue or the accounts of its component unit. The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles. There were no material violations of finance-related legal and contractual provisions.

**Supplementary Information**

Iowa Public Television

Combining Balance Sheet  
General Fund Accounts

June 30, 2012

with partial financial information for June 30, 2011

	State Appropri- ations # 001	CPB Community Service Grant 2010-2012 # 004	Iowa Infra- structure # 017	CPB Community Service Grant 2011-2013 # 033	Public Telecomm- unications Facilities Program # 059	Market to Market # 069
<b>Assets</b>						
Cash	\$ 2,406	2,360,168	-	722,338	-	139,387
Unexpended appropriation	273,854	-	139,045	-	-	-
Accounts receivable	2,356	-	-	-	-	-
Due from:						
Other funds	6,346	-	-	-	-	-
Other state agencies	23,560	2,472	-	1,484	-	143
Federal government	-	-	-	-	-	-
Restricted assets-cash	27,114	-	-	-	-	-
Prepaid expenditures	12,600	-	121,875	-	-	-
<b>Total assets</b>	<b>\$ 348,236</b>	<b>2,362,640</b>	<b>260,920</b>	<b>723,822</b>	<b>-</b>	<b>139,530</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ 206,964	-	55,686	86,092	-	6,006
Due to:						
Other funds	62,090	2,476	-	110,553	-	-
Other state agencies	31,650	-	221	400	-	4
Deferred revenue	18,012	2,360,164	-	526,777	-	10,923
<b>Total liabilities</b>	<b>318,716</b>	<b>2,362,640</b>	<b>55,907</b>	<b>723,822</b>	<b>-</b>	<b>16,933</b>
Fund equity:						
Fund balance:						
Nonspendable for prepaid expenditures	12,600	-	121,875	-	-	-
Restricted for:						
Subsequent years' expenditures	27,114	-	-	-	-	-
Specific purposes	-	-	-	-	-	-
Committed	-	-	83,138	-	-	122,597
Unassigned	(10,194)	-	-	-	-	-
<b>Total fund equity</b>	<b>29,520</b>	<b>-</b>	<b>205,013</b>	<b>-</b>	<b>-</b>	<b>122,597</b>
<b>Total liabilities and fund equity</b>	<b>\$ 348,236</b>	<b>2,362,640</b>	<b>260,920</b>	<b>723,822</b>	<b>-</b>	<b>139,530</b>

See accompanying independent auditor's report.

**Schedule 1**

IPTV Miscel- laneous # 085	Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distribution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Friends Contribution Account # 713	Technology Reinvestment # 943	Total 2012	Total 2011
46,416	1,070,468	103,984	52,327	691,206	285,317	4,116,133	-	9,590,150	9,244,965
-	-	-	-	-	-	-	20,000	432,899	1,656,994
103,300	-	283	387	30,856	3,474	47	-	140,703	133,382
23,961	178,392	23,208	764	98,137	8,197	714,505	-	1,053,510	1,457,093
635	1,352	20,313	56	750	395	4,022	-	55,182	133,346
-	-	69,458	-	-	-	-	-	69,458	-
-	-	-	-	-	-	-	-	27,114	4
-	-	-	-	-	-	-	-	134,475	171,375
<b>174,312</b>	<b>1,250,212</b>	<b>217,246</b>	<b>53,534</b>	<b>820,949</b>	<b>297,383</b>	<b>4,834,707</b>	<b>20,000</b>	<b>11,503,491</b>	<b>12,797,159</b>
-	62,049	8,382	-	170,678	-	-	-	595,857	464,703
-	448,481	30,633	-	70,083	-	166,583	-	890,899	1,088,743
561	25	1,023	14	-	-	804	20,000	54,702	118,021
-	-	-	-	17,752	537	-	-	2,934,165	2,841,466
561	510,555	40,038	14	258,513	537	167,387	20,000	4,475,623	4,512,933
-	-	-	-	-	-	-	-	134,475	171,375
-	-	-	-	-	-	-	-	27,114	4
-	-	-	-	562,436	-	4,667,320	-	5,229,756	5,193,201
173,751	739,657	177,208	53,520	-	296,846	-	-	1,646,717	2,929,240
-	-	-	-	-	-	-	-	(10,194)	(9,594)
173,751	739,657	177,208	53,520	562,436	296,846	4,667,320	-	7,027,868	8,284,226
<b>174,312</b>	<b>1,250,212</b>	<b>217,246</b>	<b>53,534</b>	<b>820,949</b>	<b>297,383</b>	<b>4,834,707</b>	<b>20,000</b>	<b>11,503,491</b>	<b>12,797,159</b>

Iowa Public Television

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

Year ended June 30, 2012  
with partial financial information for the year ended June 30, 2011

	State Appropri- ations # 001	CPB Community Service Grant 2010-2012 # 004	Iowa Infra- structure # 017	CPB Community Service Grant 2011-2013 # 033	Public Telecomm- unications Facilities Program # 059	Market to Market # 069
<b>Revenues:</b>						
State appropriation	\$ 7,646,934	-	1,255,550	-	-	-
Federal assistance	-	-	-	-	-	-
Receipts from other entities	-	-	-	-	-	-
Fees and licenses	-	-	-	-	-	71,389
Gifts and grants	5,000	523,663	-	2,045,305	-	-
In-kind and indirect support	40,210	-	-	-	29,409	22,405
Charges for service	395,165	-	-	-	-	-
Interest on investments	-	3,552	-	5,506	-	321
Miscellaneous	-	-	-	-	-	-
Total revenues	8,087,309	527,215	1,255,550	2,050,811	29,409	94,115
<b>Expenditures:</b>						
Administration	1,068,674	-	1,255,517	-	-	-
Engineering and informational technology	5,079,954	-	-	-	-	-
Educational services	341,903	-	-	-	-	-
Programming, operations and production	1,656,024	477,798	-	2,045,305	-	170,390
Communications and community engagement	927,719	-	-	-	-	-
Digital television	-	-	281,085	-	29,409	-
Total expenditures	9,074,274	477,798	1,536,602	2,045,305	29,409	170,390
Excess (deficiency) of revenues over (under) expenditures	(986,965)	49,417	(281,052)	5,506	-	(76,275)
<b>Other financing sources (uses):</b>						
Operating transfers in	1,014,075	-	-	-	-	99,505
Operating transfers out	-	(49,417)	(1,000,000)	(5,506)	-	-
Reversion	-	-	-	-	-	-
Total other financing sources (uses)	1,014,075	(49,417)	(1,000,000)	(5,506)	-	99,505
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	27,110	-	(1,281,052)	-	-	23,230
Fund balance beginning of year	2,410	-	1,486,065	-	-	99,367
Fund balance end of year	\$ 29,520	-	205,013	-	-	122,597

See accompanying independent auditor's report.

IPTV Miscel- laneous # 085	Friends Funded Program- ming # 303	Education Telecomm- unications Projects # 304	Marketing and Distri- bution # 308	Educational and Contractual Services # 311	Capital Equipment Replacement # 316	Friends Contribution Account # 713	Technology Reinvestment # 943	Total 2012	Total 2011
-	-	-	-	-	-	-	-	8,902,484	8,552,577
-	-	96,287	-	-	-	-	-	96,287	227,730
-	-	-	-	-	-	-	-	-	4,925
18,000	-	-	4,900	-	-	-	-	94,289	93,937
-	-	-	-	58,124	-	-	-	2,632,092	2,899,250
-	-	-	-	-	-	-	-	92,024	80,529
3,778	-	186,946	2,250	106,018	89,176	-	-	783,333	996,449
250	3,844	709	137	1,923	978	7,777	-	24,997	27,151
104,709	-	915	2,532	-	-	-	-	108,156	43,062
126,737	3,844	284,857	9,819	166,065	90,154	7,777	-	12,733,662	12,925,610
-	-	-	-	-	-	-	-	2,324,191	1,076,679
-	-	-	-	-	-	-	-	5,079,954	5,202,978
-	-	424,972	-	-	-	-	-	766,875	749,405
280,400	3,380,431	-	760	1,103,581	106,190	46,346	-	9,267,225	9,231,572
-	-	-	-	-	-	-	-	927,719	919,271
-	-	-	-	-	-	-	-	310,494	583,201
280,400	3,380,431	424,972	760	1,103,581	106,190	46,346	-	18,676,458	17,763,106
(153,663)	(3,376,587)	(140,115)	9,059	(937,516)	(16,036)	(38,569)	-	(5,942,796)	(4,837,496)
87,396	3,556,771	62,538	1,978	1,180,023	12,301	3,574,664	-	9,589,251	8,309,500
-	(24,610)	(61,233)	-	(212,679)	-	(3,529,368)	-	(4,882,813)	(4,108,134)
-	-	-	-	-	-	-	(20,000)	(20,000)	-
87,396	3,532,161	1,305	1,978	967,344	12,301	45,296	(20,000)	4,686,438	4,201,366
(66,267)	155,574	(138,810)	11,037	29,828	(3,735)	6,727	(20,000)	(1,256,358)	(636,130)
240,018	584,083	316,018	42,483	532,608	300,581	4,660,593	20,000	8,284,226	8,920,356
173,751	739,657	177,208	53,520	562,436	296,846	4,667,320	-	7,027,868	8,284,226

**Schedule 3**

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Iowa Public Television

Schedule of Expenditures by Object  
General Fund

Year ended June 30, 2012  
with partial financial information for the year ended June 30, 2011

	<u>2012</u>	<u>2011</u>
Personal services	\$ 8,932,978	8,798,215
Travel	146,678	161,962
Supplies and materials	2,907,913	2,854,038
Contractual services	4,966,854	5,494,488
Equipment and repair	455,620	409,018
Claims and miscellaneous	9,745	26,134
Licenses, permits, and refunds	1,170	755
Plant improvements	<u>1,255,500</u>	<u>18,496</u>
Total	<u>\$ 18,676,458</u>	<u>17,763,106</u>

See accompanying independent auditor's report.

## Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ -	19,856	19,856	-
Accounts receivable	4,790	1,234	4,790	1,234
Total assets	\$ 4,790	21,090	24,646	1,234
<b>Liabilities</b>				
Due to other state agencies	\$ 4,790	1,234	4,790	1,234

See accompanying independent auditor's report.

**Iowa Public Television**



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

David A. Vaudt, CPA  
Auditor of State

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

To the Board Members of Iowa Public Television:

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements listed in the table of contents, and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards. This report on internal control over financial reporting and compliance and other matters does not include the results of the Iowa Public Television Foundation audit performed by another auditor.

Internal Control Over Financial Reporting

The management of Iowa Public Television is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Iowa Public Television's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Public Television's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Public Television's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Public Television's financial statements will not be prevented or detected and corrected on a timely basis.

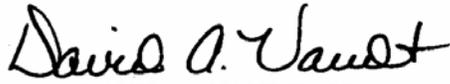
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 6, 2012

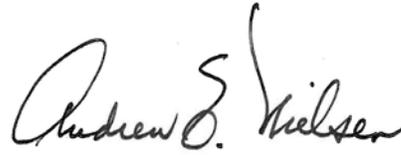
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Iowa Public Television

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Jennifer L. Wall, CPA, Senior Auditor II  
Tiffany M. Ainger, Senior Auditor  
Cory A. Lee, Staff Auditor  
Brooke A. Robb, Staff Auditor  
Hannah K. Haas, Assistant Auditor  
Kayley R. Alexander, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized 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, 2012

The number of individuals making contributions to the Iowa Public Television Foundation during the year ended June 30, 2012 was as follows:

Contributors	5,793
Active members	47,451
Leadership Circle members	<u>891</u>
Total	<u><u>54,135</u></u>

See accompanying independent auditor's report.