



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

December 28, 2018

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Auditor of State Mary Mosiman today released an audit report on Iowa Public Television for the year ended June 30, 2018. The Iowa Public Television Foundation, a component unit, is included in the financial statements.

Iowa Public Television had General Fund revenues of \$11,698,640 for the year ended June 30, 2018, an 8.9% decrease from the prior year. Revenues included a state appropriation of \$7,780,994, gifts and grants of \$2,824,936, charges for service of \$675,375 and federal assistance of \$102,803. The Iowa Public Television Foundation received \$7,107,548 from Foundation memberships and corporate support of \$1,516,429.

Expenditures to operate the educational television network for the year ended June 30, 2018 were as follows:

	General Fund	Special Revenue Fund	Total
Administration	\$ 2,034,571	-	2,034,571
Engineering and informational technology	4,048,487	-	4,048,487
Educational services	1,242,002	-	1,242,002
Programming, operations and production	7,530,858	-	7,530,858
Communications and community engagement	1,577,437	-	1,577,437
Fundraising services	-	3,737,739	3,737,739
Total	\$ 16,433,355	3,737,739	20,171,094

General Fund expenditures during the year ended June 30, 2018 decreased 2.1% 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 <https://auditor.iowa.gov/reports/audit-reports/>.

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

JUNE 30, 2018

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	15
Statement of Activities	B	16-17
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Fund	G	25
Notes to Financial Statements		26-44
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		51
Notes to Required Supplementary Information – Pension Liability		52
Schedule of the Agency's Proportionate Share of the Total OPEB Liability and Notes		53
Supplementary Information:	<u>Schedule</u>	
General Fund:		
Combining Balance Sheet	1	56-57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	2	58-59
Schedule of Expenditures by Object	3	60
Agency Fund:		
Schedule of Changes in Fiduciary Assets and Liabilities	4	61
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>		63-64
Staff		65
Statistical Information:		
Members and Contributors	A	67

Iowa Public Television

Officials

Name

Title

State

Honorable Kim Reynolds
David Roederer
Glen P. Dickinson

Governor
Director, Department of Management
Director, Legislative Services Agency

Board

Gary Steinke
Brent Siegrist
Angela M. English
Kevin W. Krause
Jason L. Giles
Courtney Maxwell Greene
Julia Doll
Sherry Bates
Bruce McKee

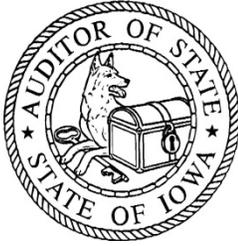
President
Vice President
Member
Member
Member
Member
Member
Member
Member

Agency

Molly M. Phillips
Kristine Houston (retired 9/29/17)
Michelle Wendel (as of 9/22/17)
Lori J. Smith (retired 9/29/17)
Stephanie Bernard (as of 9/22/17)

Executive Director
Director of Administration
Director of Administration
Business Manager
Business Manager

Iowa Public Television



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STATE OF IOWA**

Mary Mosiman, CPA
Auditor of State

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Independent Auditor's Report

To the Board Members of Iowa Public Television:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Public Television as of and for the year ended June 30, 2018, 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, 2018, 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, 2018, 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, 2017, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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, the Schedule of the Agency's Contributions and the Schedule of Changes in the Agency's Total OPEB Liability, Related Ratios and Notes on pages 8 through 13 and 46 through 53 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 14, 2018 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 solely 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 effectiveness of 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 14, 2018

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, 2018. 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 54,000 households.

FINANCIAL HIGHLIGHTS

- Iowa Public Television implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$173,827 to retroactively report the increase in the OPEB Liability as of July 1, 2017. OPEB expense for fiscal year 2017, deferred outflows of resources and deferred inflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Iowa Public Television also implemented Governmental Accounting Standards Board Statement No. 81, Irrevocable Split-Interest Agreements, during fiscal year 2018. The beginning of the year fund balance for the Special Revenue, Iowa Public Television Foundation Fund and the beginning net position for governmental activities were restated by \$100,949 to retroactively report the increase in the deferred inflow of resources related to unconditional remainder interest as of July 1, 2017. The change in annuities payable revenue for fiscal year 2017 and deferred inflows of resources related to the unconditional remainder interest at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- In fiscal year (FY) 2018, total revenues decreased approximately \$1,090,000.
- Program expenses during fiscal year 2018 decreased approximately \$903,000 from the prior year.
- Iowa Public Television's net position decreased approximately \$859,000 from the restated FY2017 balance.

USING THIS ANNUAL REPORT

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

REPORTING IOWA PUBLIC TELEVISION AS A WHOLE

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

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

The Statement of Net Position presents all of IPTV's assets, deferred outflows 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. Prior to restatement, Iowa Public Television's net position decreased to approximately \$31.7 million at the end of fiscal year 2018 as compared to approximately \$32.8 million at the end of fiscal year 2017.

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.

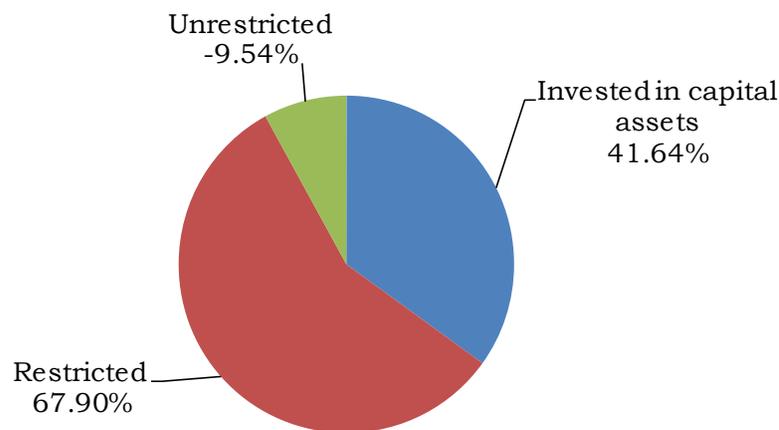
Investment in capital assets represents the second largest portion of net position and includes land, buildings, equipment, vehicles and television transmitters, less any related depreciation. Iowa Public Television uses these capital assets to provide services to its viewers and others. Consequently, 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 net position at the end of fiscal year 2018 is primarily due to compensated absences, other postemployment benefits and the net pension liability benefits which are unfunded.

Net Position of Governmental Activities

	June 30, 2018	June 30, 2017 (not restated)
Assets		
Current and other assets	\$ 30,580,308	28,897,392
Capital assets, net	13,187,060	15,518,313
Total Assets	<u>43,767,368</u>	<u>44,415,705</u>
Deferred outflows of resources	<u>1,801,023</u>	<u>1,622,333</u>
Liabilities		
Current liabilities	5,466,074	5,291,934
Noncurrent liabilities	<u>8,092,677</u>	<u>7,736,723</u>
Total Liabilities	<u>13,558,751</u>	<u>13,028,657</u>
Deferred inflows of resources	<u>339,389</u>	<u>204,864</u>
Net Position		
Net investment in capital assets	13,187,060	15,518,313
Restricted	21,504,136	20,196,716
Unrestricted	<u>(3,020,945)</u>	<u>(2,910,512)</u>
Total Net Position	<u>\$ 31,670,251</u>	<u>32,804,517</u>

**FY 2018
Composition of Net Position**



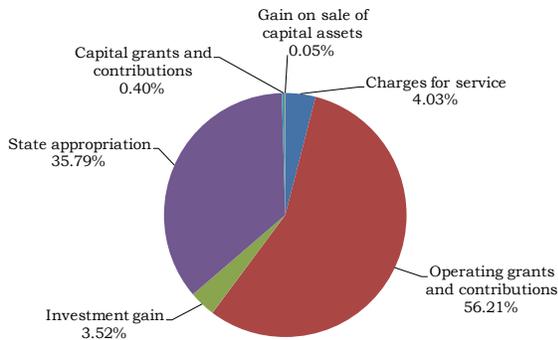
- Prior to restatement, the net position of IPTV decreased approximately \$1,134,000 during fiscal year 2018. Fiscal year 2018 revenues were approximately \$1,090,000 less than in fiscal year 2017. Operating grants and contributions revenue of approximately \$12.2 million, an increase over the prior year, represented 56.2% of total revenues during the year. Many of these funds are allocated for specific purposes by the grantor or contributor, such as federal grants, public broadcasting grants, fundraising expenses, and certain local or regional productions. During fiscal year 2018, IPTV received state appropriations of approximately \$7.8 million, which represented 35.8% of total revenues. Fiscal year 2018 expenses were approximately \$903,000 less than in fiscal year 2017.

Programming, operating and production expenses of approximately \$7.5 million represented 33.4% of total expenses during the fiscal year. Engineering and informational technology expenses of approximately \$4.4 million represented 19.4% of total expenses.

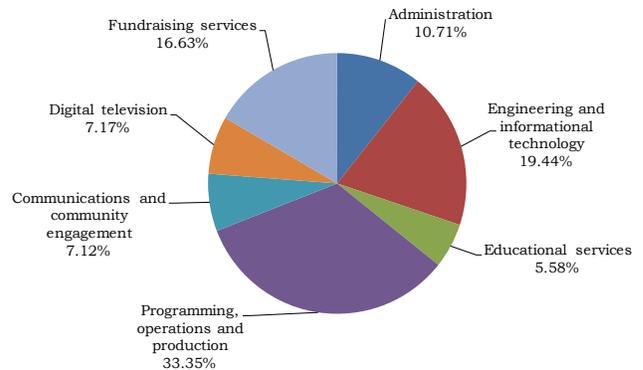
Changes in Net Position of Governmental Activities

	Year Ended June 30, 2018	Year Ended June 30, 2017 (not restated)
Revenues:		
Program revenues:		
Charges for service	\$ 875,598	962,382
Operating grants and contributions	12,224,242	11,664,627
Capital grants and contributions	85,889	-
General revenues:		
State appropriation	7,780,994	8,890,846
Investment gain	765,590	1,304,710
Gain on sale of capital assets	11,240	11,250
Total revenues	21,743,553	22,833,815
Program expenses:		
Administration	2,419,763	2,264,693
Engineering and informational technology	4,393,897	4,899,096
Educational services	1,261,639	1,276,102
Programming, operations and production	7,538,736	7,590,482
Communications and community engagement	1,608,663	1,443,653
Digital television	1,620,464	1,829,592
Fundraising services	3,759,881	4,202,056
Total expenses	22,603,043	23,505,674
Change in net position	(859,490)	(671,859)
Net position beginning of year, as restated	32,529,741	33,476,376
Net position end of year	\$ 31,670,251	32,804,517

FY 2018 Revenues by Source



FY 2018 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 26.

Required supplementary information begins on page 46 and includes a comparison of Budget and Actual for the General Fund, information on IPTV's proportionate share of the net pension liability and IPTV's related contributions and the Schedule of Changes in IPTV's Total OPEB Liability, Related Ratios and Notes.

Supplementary information begins on page 56 and provides detailed information about the individual funds and accounts and expenditures by object.

FINANCIAL ANALYSIS OF IPTV'S INDIVIDUAL FUNDS

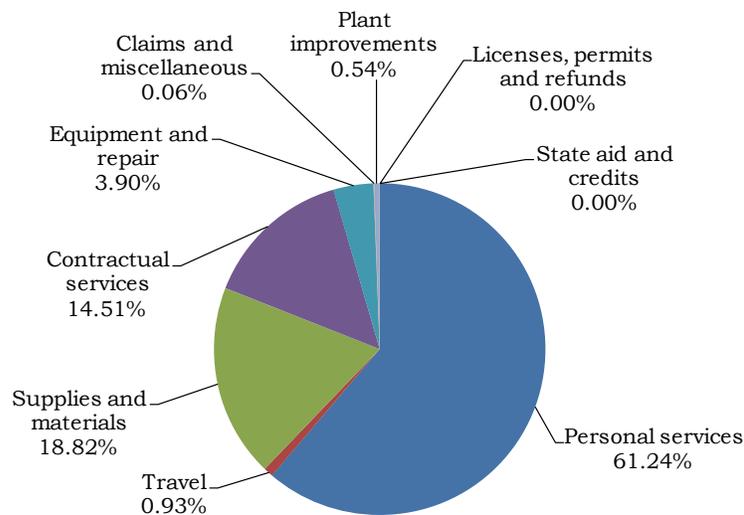
General Fund (Exhibits C and E):

As of June 30, 2018, IPTV reported a combined General Fund balance of approximately \$9.9 million, which is approximately \$605,000 more than the previous year's total. IPTV's General Fund expenditures exceeded General Fund revenues by approximately \$4.7 million, and approximately \$5.3 million in net transfers were received from the Special Revenue Fund and the Permanent Fund.

Iowa Public Television's total state appropriations of approximately \$7.8 million represents 66.5% of total General Fund revenues of approximately \$11.7 million. Gifts and grants of approximately \$2.8 million represent 24.1% of total General Fund revenues, while Federal assistance of \$102,803 represents 0.9% of total General Fund revenues.

Personal services of approximately \$10.1 million represented 61.2% of General Fund expenditures. Contractual services of approximately \$2.4 million represents 14.5% of total General Fund expenditures of approximately \$16.4 million (see Schedule 3). Contractual services remain a significant expenditure item. Other significant expenditures include the acquisition of national television programming and utilities needed to operate IPTV's television transmission facilities.

Expenditures by Object



Special Revenue Fund (Exhibits C and E):

Iowa Public Television's Special Revenue Fund consists of the Iowa Public Television Foundation. As of June 30, 2018, IPTV reported a Special Revenue Fund balance of approximately \$11.7 million. The Special Revenue Fund balance increased by approximately \$317,000 over June 30, 2017. Special Revenue Fund revenues exceeded Special Revenue Fund expenditures by approximately \$5.7 million. Approximately \$5.3 million was transferred to IPTV's General Fund to produce and/or acquire public television programming. Total Special Revenue Fund revenue of approximately \$9.4 million was comprised mainly of approximately \$7.1 million in membership revenue and approximately \$1.5 million in gifts and grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

Iowa Public Television's receipts were approximately \$147,000 more than budgeted receipts, a variance of 1.8%. Iowa Public Television received in-kind and indirect support that was not budgeted, including a Flywheel project and a Dock repair project funded by the State of Iowa's Major Maintenance.

Total disbursements were approximately \$1.2 million less than budgeted. IPTV budgeted \$270,000 for the replacement of inductive output tubes (IOTs); however no IOTs needed to be replaced in fiscal year 2018. These funds will be available for the replacement of IOTs in fiscal year 2019. IPTV budgeted \$200,000 for office upgrades; however none were completed in fiscal year 2018. These funds will be available for office upgrades in fiscal year 2019. IPTV budgeted \$670,000 for various capital purchases, including updates to facilities and equipment; however none of these funds were used in fiscal year 2018. These funds will be available for capital purchases including updates to facilities and equipment in fiscal year 2019.

Iowa Public Television exceeded the budgeted amount in the administration and programming, operations and production functions for the year ended June 30, 2018, 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, 2018 was approximately \$58.3 million, net of accumulated depreciation of approximately \$45.1 million, leaving a net book value of approximately \$13.2 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 \$2.3 million. Depreciation charges for the year totaled approximately \$2.8 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 her designee, the Director of the Legislative Services Agency, and a third person agreed upon by the other two members. At the October 16, 2018 meeting, the REC increased the estimate for General Fund tax and other receipts for fiscal year 2019.

The fiscal year 2019 General Fund state appropriation for IPTV increased 0.9%, or approximately \$68,000 from fiscal year 2018 final General Fund 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, IA 50131.

Basic Financial Statements

Iowa Public Television
Statement of Net Position
June 30, 2018
with summarized comparative information for June 30, 2017

		Governmental Activities	
		2017	
		2018	(not restated)
Assets			
Current assets:			
Cash	\$	11,718,188	10,945,635
Investments		122,527	115,563
Beneficial interest in community trust		59,963	50,109
Unexpended appropriation		2,335,895	2,426,671
Accounts receivable		99,068	54,601
Pledges receivable, net of allowance for uncollectible accounts of \$138,900 for 2018 and \$157,300 for 2017		2,114,690	1,965,068
Due from other state agencies		66,126	56,472
Due from federal government		32,854	34,028
Restricted assets - cash		154,241	99,015
Inventory		36,205	41,060
Prepaid expenses		126,031	149,420
Total current assets		16,865,788	15,937,642
Noncurrent assets:			
Investments		13,678,110	12,953,750
Pledges receivable		36,410	6,000
Capital assets, net of accumulated depreciation		13,187,060	15,518,313
Total noncurrent assets		26,901,580	28,478,063
Total assets		43,767,368	44,415,705
Deferred Outflows of Resources			
Pension related deferred outflows		1,782,549	1,622,333
OPEB related deferred outflows		18,474	-
Total deferred outflows of resources		1,801,023	1,622,333
Liabilities			
Current liabilities:			
Accounts payable		1,046,707	1,158,767
Due to other state agencies		31,360	33,454
Advances from grantors		3,455,293	3,283,007
Compensated absences		932,714	816,706
Total current liabilities		5,466,074	5,291,934
Noncurrent liabilities:			
Accounts payable		99,335	31,715
Compensated absences		801,057	1,048,855
Net pension liability		6,241,602	5,947,393
Total OPEB liability		950,683	708,760
Total noncurrent liabilities		8,092,677	7,736,723
Total liabilities		13,558,751	13,028,657
Deferred Inflows of Resources			
Pension related deferred inflows		237,216	204,864
OPEB related deferred inflows		4,846	-
Unconditional remainder interest		97,327	-
Total deferred inflows of resources		339,389	204,864
Net Position			
Net investment in capital assets		13,187,060	15,518,313
Restricted for:			
Nonexpendable - Donor restricted endowment		2,649,712	2,378,287
Expendable:			
Future state vehicle dispatch purchases		154,241	99,015
Acquisition or production of programming		18,700,183	17,719,414
Unrestricted		(3,020,945)	(2,910,512)
Total net position		\$ 31,670,251	32,804,517

See notes to financial statements.

Iowa Public Television

Statement of Activities

Year ended June 30, 2018

with summarized comparative information for the year ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions</u>				
Governmental activities:				
Administration	\$ 2,419,763	-	685,300	42,334
Engineering and informational technology	4,393,897	425,055	318,928	43,555
Educational services	1,261,639	138,480	395,906	-
Programming, operations and production	7,538,736	190,963	1,022,740	-
Communications and community engagement	1,608,663	-	553,815	-
Digital television	1,620,464	-	-	-
Fundraising services	3,759,881	121,100	9,247,553	-
Total	<u>\$ 22,603,043</u>	<u>875,598</u>	<u>12,224,242</u>	<u>85,889</u>
General revenues:				
State appropriation				
Unrestricted investment gain				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				
See notes to financial statements.				

Net (Expense) Revenue and Change in Net Position 2018	Net (Expense) Revenue and Change in Net Position 2017 (not restated)
(1,692,129)	(1,503,151)
(3,606,359)	(4,208,837)
(727,253)	(667,456)
(6,325,033)	(6,289,148)
(1,054,848)	(919,492)
(1,620,464)	(1,829,592)
5,608,772	4,539,011
<u>(9,417,314)</u>	<u>(10,878,665)</u>
7,780,994	8,890,846
765,590	1,304,710
11,240	11,250
<u>8,557,824</u>	<u>10,206,806</u>
(859,490)	(671,859)
<u>32,529,741</u>	<u>33,476,376</u>
<u>\$ 31,670,251</u>	<u>32,804,517</u>

Iowa Public Television

Balance Sheet
Governmental Funds

June 30, 2018

with summarized comparative information for June 30, 2017

	General	Special Revenue Iowa Public Television Foundation
Assets		
Cash	\$ 10,182,217	1,270,846
Investments	-	11,480,960
Beneficial interest in community trust	-	5,353
Unexpended appropriation	2,335,895	-
Accounts receivable	82,684	16,384
Pledges receivable, net of allowance for uncollectible accounts of \$138,900 for 2018	-	2,140,800
Due from:		
Other funds	1,698,907	-
Other state agencies	66,126	-
Federal government	32,854	-
Restricted assets - cash	154,241	-
Inventory	-	36,205
Prepaid expenditures	83,481	42,550
Total assets	\$ 14,636,405	14,993,098
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 640,552	347,126
Due to:		
Other funds	874,861	824,046
Other state agencies	31,360	-
Advances from grantors	3,110,118	345,175
Total liabilities	4,656,891	1,516,347
Deferred inflows of resources:		
Unavailable revenues:		
Memberships and contributions	-	1,713,883
Unconditional remainder interest	-	97,327
Other	50,818	-
Total deferred inflows of resources	50,818	1,811,210
Fund balances:		
Nonspendable:		
Prepaid expenditures and inventory	83,481	78,755
Foundation endowment	-	-
Restricted for:		
Subsequent years' expenditures	154,241	-
Noncurrent receivables	-	36,410
Specific purposes	5,980,010	11,550,376
Committed	3,750,794	-
Unassigned	(39,830)	-
Total fund balances	9,928,696	11,665,541
Total liabilities, deferred inflows of resources and fund balances	\$ 14,636,405	14,993,098

See notes to financial statements.

<u>Permanent</u>		Total
<u>Foundation</u>	Total	2017
<u>Endowment</u>	2018	(not restated)
265,125	11,718,188	10,945,635
2,319,677	13,800,637	13,069,313
54,610	59,963	50,109
-	2,335,895	2,426,671
-	99,068	54,601
10,300	2,151,100	1,971,068
-	1,698,907	1,368,117
-	66,126	56,472
-	32,854	34,028
-	154,241	99,015
-	36,205	41,060
-	126,031	149,420
<u>2,649,712</u>	<u>32,279,215</u>	<u>30,265,509</u>
-	987,678	1,046,755
-	1,698,907	1,368,117
-	31,360	33,454
-	3,455,293	3,283,007
-	6,173,238	5,731,333
-	1,713,883	1,363,845
-	97,327	-
-	50,818	18,526
-	1,862,028	1,382,371
-	162,236	190,480
2,649,712	2,649,712	2,378,287
-	154,241	99,015
-	36,410	6,000
-	17,530,386	16,799,560
-	3,750,794	3,721,205
-	(39,830)	(42,742)
<u>2,649,712</u>	<u>24,243,949</u>	<u>23,151,805</u>
<u>2,649,712</u>	<u>32,279,215</u>	<u>30,265,509</u>

Iowa Public Television

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

June 30, 2018
 with summarized comparative information for June 30, 2017

	2018		2017 (not restated)
Total governmental fund balances (page 19)	\$ 24,243,949		\$ 23,151,805
 Amounts reported for governmental activities in the Statement of Net Position are different because:			
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	\$ 13,187,060		\$ 15,512,330
Iowa Public Television Foundation	-	13,187,060	5,983
			15,518,313
 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	50,818		18,526
Iowa Public Television Foundation	1,713,883	1,764,701	1,363,845
			1,382,371
 Pension and OPEB 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	1,801,023		1,622,333
Deferred inflows of resources	(242,062)	1,558,961	(204,864)
			1,417,469
 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	(932,714)		(816,706)
Non-current compensated absences	(801,057)		(1,048,855)
Termination benefits payable, included in accounts payable	(158,364)		(143,727)
Other postemployment benefits payable	(950,683)		(708,760)
Net pension liability	(6,241,602)	(9,084,420)	(5,947,393)
Net position of governmental activities (page 15)	\$ 31,670,251		\$ 32,804,517

See notes to financial statements.

Iowa Public Television

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

Year ended June 30, 2018

with summarized comparative information for the year ended June 30, 2017

	General	Special Revenue Iowa Public Television Foundation
Revenues:		
State appropriation	\$ 7,780,994	-
Federal assistance	102,803	-
Receipts from other entities	42,334	-
Fees and licenses	86,064	-
Gifts and grants	2,824,936	1,516,429
In-kind and indirect support	53,465	28,399
Memberships	-	7,107,548
Charges for service	675,375	94,814
Interest on investments	118,658	310,905
Net appreciation in fair value of investments	-	336,027
Miscellaneous	14,011	-
Total revenues	<u>11,698,640</u>	<u>9,394,122</u>
Expenditures:		
Administration	2,034,571	-
Engineering and informational technology	4,048,487	-
Educational services	1,242,002	-
Programming, operations and production	7,530,858	-
Communications and community engagement	1,577,437	-
Fundraising services	-	3,737,739
Total expenditures	<u>16,433,355</u>	<u>3,737,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,734,715)</u>	<u>5,656,383</u>
Other financing sources (uses):		
Transfers in	9,579,903	-
Transfers out	(4,240,290)	(5,339,613)
Total other financing sources (uses)	<u>5,339,613</u>	<u>(5,339,613)</u>
Change in fund balances	604,898	316,770
Fund balances beginning of year, as restated	<u>9,323,798</u>	<u>11,348,771</u>
Fund balances end of year	<u>\$ 9,928,696</u>	<u>11,665,541</u>

See notes to financial statements.

Permanent Foundation Endowment	Total 2018	Total 2017 (not restated)
-	7,780,994	8,890,846
-	102,803	55,840
-	42,334	73,629
-	86,064	84,598
271,425	4,612,790	5,188,175
-	81,864	69,961
-	7,107,548	6,700,603
-	770,189	720,819
-	429,563	335,026
-	336,027	969,684
-	14,011	84,764
271,425	21,364,187	23,173,945
-	2,034,571	1,917,779
-	4,048,487	4,572,113
-	1,242,002	1,244,503
-	7,530,858	7,635,831
-	1,577,437	1,421,855
-	3,737,739	4,196,691
-	20,171,094	20,988,772
271,425	1,193,093	2,185,173
-	9,579,903	7,849,144
-	(9,579,903)	(7,849,144)
-	-	-
271,425	1,193,093	2,185,173
2,378,287	23,050,856	20,966,632
2,649,712	24,243,949	23,151,805

Exhibit F

Iowa Public Television

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of ActivitiesYear ended June 30, 2018
with summarized comparative information for the year ended June 30, 2017

	2018	2017 (not restated)
Change in fund balances - Total governmental funds (page 23)	\$ 1,193,093	\$ 2,185,173
Amounts reported for governmental activities in the Statement of Activities are different because:		
Contributions which will not be collected for several months after year end are not considered available revenues and, therefore, are deferred in the governmental funds.	1,764,701	1,382,371
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.	(1,382,371)	(1,727,501)
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	\$ 456,079	\$ 411,851
Depreciation expense	(2,785,648)	(2,873,957)
Iowa Public Television Foundation:		
Expenditures for capital assets	-	-
Depreciation expense	(5,983)	(6,357)
	(2,335,552)	(2,468,463)
In the governmental funds, the proceeds from the sale of capital assets increase financial resources, whereas the Statement of Activities only reports the gain/(loss) on the disposition of capital assets.	4,299	5,000
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.	635,263	624,586
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	131,790	(67,191)
Termination benefits	(14,637)	91,334
Pension expense	(801,607)	(656,469)
OPEB expense	(54,469)	(40,699)
	(738,923)	(673,025)
Change in net position of governmental activities (page 17)	\$ (859,490)	\$ (671,859)

See notes to financial statements.

Iowa Public Television

Statement of Fiduciary Assets and Liabilities
Agency Fund

June 30, 2018

with summarized comparison information for June 30, 2017

	<u>2018</u>	<u>2017</u>
Assets		
Accounts receivable	\$ 6,108	<u>232</u>
Liabilities		
Due to other state agencies	\$ 655	<u>232</u>
Deferred inflows of resources		
Other revenue	\$ 5,453	<u>-</u>

See notes to financial statements.

Iowa Public Television

Notes to Financial Statements

June 30, 2018

(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	K25PE-D Channel 25, 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	K31NJ-D Channel 31, Lansing
KRIN-DT Channel 35, Waterloo	K19KX-D Channel 19, 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 relationship 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, 2017 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 Television</u>	<u>Iowa Public Television Foundation</u>
Buildings	31.5	-
Transmitters	10-15	-
Leasehold improvements	5-15	15
Machinery, equipment and vehicles	2.5-13.5	5-7

Deferred 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 OPEB 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.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflow of resources related to OPEB and OPEB expense, information has been determined based on the State of Iowa’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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 in the fund financial statements 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 unrecognized items not yet credited to pension and OPEB expense, unconditional remainder interest and 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. 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. The liabilities for compensated absences are based on rates of pay in effect at June 30, 2018 and 2017.

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 2018, 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, 2018 and 2017 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, 2018 and 2017, the carrying amount of cash not held by the Treasurer of State was \$1,538,371 and \$1,581,640, respectively, and the bank balances were \$1,571,232 and \$1,676,384, respectively. Deposits of \$648,720 and \$643,927, 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, 2018 and 2017. The remaining deposits of \$922,512 and \$1,032,457, 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, 2018 and 2017, the Foundation's investments had fair values of \$13,800,637 and \$13,069,313, 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, 2018, June 30, 2017, 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, 2018 and 2017 were \$59,963 and \$50,109, respectively.

(4) Due From and Due To Other Funds

The detail of interfund receivables and payables at June 30, 2018 and 2017 is as follows:

Fund	2018		2017	
	Receivable	Payable	Receivable	Payable
General	\$ 1,698,907	874,861	1,368,117	567,842
Special Revenue, Iowa Public Television Foundation	-	824,046	-	800,275
Total	\$ 1,698,907	1,698,907	1,368,117	1,368,117

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, 2018 was as follows:

	Balance Beginning of Year	Reclassifications	Increases	Decreases	Balance End of Year
Iowa Public Television:					
Capital assets:					
Land, not being depreciated	1,299,063	-	-	-	1,299,063
Buildings	10,615,656	7,158	88,438	-	10,711,252
Machinery, equipment and vehicles	13,809,216	192,227	276,774	(828,703)	13,449,514
Transmitters	32,681,877	-	68,533	-	32,750,410
Construction in progress	199,385	(199,385)	42,334	-	42,334
Total capital assets	58,605,197	-	476,079	(828,703)	58,252,573
Less accumulated depreciation for:					
Buildings	6,472,743	-	587,899	-	7,060,642
Transmitters	24,584,081	-	1,650,002	-	26,234,083
Machinery, equipment and vehicles	12,036,043	-	547,747	(813,002)	11,770,788
Total accumulated depreciation	43,092,867	-	2,785,648	(813,002)	45,065,513
Total capital assets, net	15,512,330	-	(2,309,569)	(15,701)	13,187,060
Iowa Public Television Foundation:					
Capital assets:					
Leasehold improvements	41,416	-	-	-	41,416
Machinery, equipment and vehicles	70,850	-	-	-	70,850
Total capital assets	112,266	-	-	-	112,266
Less accumulated depreciation for:					
Leasehold improvements	41,417	(1)	-	-	41,416
Machinery, equipment and vehicles	64,866	1	5,983	-	70,850
Total accumulated depreciation	106,283	-	5,983	-	112,266
Total capital assets, net	5,983	-	(5,983)	-	-

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Reclassifications	Increases	Decreases	Balance End of Year
Iowa Public Television:					
Capital assets:					
Land, not being depreciated	1,299,063	-	-	-	1,299,063
Buildings	8,904,244	1,636,161	75,251	-	10,615,656
Machinery, equipment and vehicles	14,104,072	-	142,215	(437,071)	13,809,216
Transmitters	32,681,877	-	-	-	32,681,877
Construction in progress	1,636,161	(1,636,161)	199,385	-	199,385
Total capital assets	58,625,417	-	416,851	(437,071)	58,605,197
Less accumulated depreciation for:					
Buildings	5,980,195	-	492,548	-	6,472,743
Transmitters	22,849,282	-	1,734,799	-	24,584,081
Machinery, equipment and vehicles	11,826,504	-	646,610	(437,071)	12,036,043
Total accumulated depreciation	40,655,981	-	2,873,957	(437,071)	43,092,867
Total capital assets, net	17,969,436	-	(2,457,106)	-	15,512,330
Iowa Public Television Foundation:					
Capital assets:					
Leasehold improvements	41,416	-	-	-	41,416
Machinery, equipment and vehicles	70,850	-	-	-	70,850
Total capital assets	112,266	-	-	-	112,266
Less accumulated depreciation for:					
Leasehold improvements	41,417	-	-	-	41,417
Machinery, equipment and vehicles	58,509	-	6,357	-	64,866
Total accumulated depreciation	99,926	-	6,357	-	106,283
Total capital assets, net	12,340	-	(6,357)	-	5,983

Depreciation expense for the years ended June 30, 2018 and 2017 was charged to the following functions:

	Iowa Public		Total 2018	Total 2017
	Iowa Public Television	Television Foundation		
Governmental activities:				
Administration	\$ 505,849	-	505,849	410,497
Engineering and informational technology	499,128	-	499,128	471,711
Programming, operations and production	150,487	-	150,487	154,570
Communications and community engagement	9,720	-	9,720	7,588
Digital television	1,620,464	-	1,620,464	1,829,591
Fundraising services	-	5,983	5,983	6,357
Total depreciation expense	\$ 2,785,648	5,983	2,791,631	2,880,314

(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 PO Box 9117, Des Moines, Iowa 50306-9117 or at 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 2018 and 2017, 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, 2018 and 2017 totaled \$635,263 and \$624,586, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, Iowa Public Television reported a liability of \$6,241,602 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, Iowa Public Television’s proportion was 0.093700%, which was a decrease of .000803% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018 Iowa Public Television recognized pension expense of \$801,607. At June 30, 2018 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	\$ 57,304	54,079
Changes of assumptions	1,084,502	-
Net difference between projected and actual earnings on IPERS' investments	-	65,191
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	5,480	117,946
Agency contributions subsequent to the measurement date	635,263	-
Total	<u>\$ 1,782,549</u>	<u>237,216</u>

\$635,263 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, 2019. 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
2019	\$ 94,323
2020	446,449
2021	272,963
2022	24,925
2023	71,410
Total	<u>\$ 910,070</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 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
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
IPTV's proportionate share of the net pension liability	\$ 10,283,657	6,241,602	2,845,500

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.

Payables to IPERS – At June 30, 2018, Iowa Public Television reported payables to IPERS of \$25,340 for legally required employer contributions and \$16,885 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, 2043 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, 2018:

Year Ending June 30,	Minimum Rental Payments
2019	\$ 242,635
2020	219,426
2021	220,008
2022	143,741
2023	121,787
2024-2028	109,498
2029-2033	75,117
2034-2038	78,873
2039-2043	32,162
Total	<u>\$ 1,243,247</u>

Rental expense for the years ended June 30, 2018 and 2017 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$240,964 and \$379,859, 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, 2018 and 2017 include the following:

	Year ended June 30,	
	2018	2017
Contributed support and in-kind contributions	<u>\$ 81,864</u>	<u>69,961</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, 2018:

Year Ending June 30,	Minimum Future Rentals
2019	\$ 488,914
2020	450,689
2021	386,918
2022	285,695
2023	241,422
2024-2028	343,996
2029-2033	184,875
2034-2038	144,338
Total	<u>\$ 2,526,847</u>

(10) Interfund Transfers

The detail of interfund transfers for the years ended June 30, 2018 and 2017 is as follows:

Fund	2018		2017	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ 9,579,903	4,240,290	\$ 7,849,144	3,372,990
Special Revenue, Iowa Public Television Foundation	-	5,339,613	-	4,476,154
Total	<u>\$ 9,579,903</u>	<u>9,579,903</u>	<u>\$ 7,849,144</u>	<u>7,849,144</u>

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

(11) Risk Management

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

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

(12) Compensated Absences and Other Postemployment Benefits

Changes in compensated absences and other postemployment benefit obligations for the years ended June 30, 2018 and 2017 are summarized as follows:

Year ended June 30, 2018	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year	Due Within One Year
Compensated absences	\$ 1,865,561	854,888	986,678	1,733,771	932,714
Net pension liability	5,947,393	294,209	-	6,241,602	-
Total OPEB liability, as restated	882,587	68,096	-	950,683	-
Total	\$ 8,695,541	1,217,193	986,678	8,926,056	932,714

Year ended June 30, 2017	Balance Beginning of Year	Increases	Decreases	Balance End of Year (not restated)	Due Within One Year
Compensated absences	\$ 1,798,370	791,515	724,324	1,865,561	816,706
Net pension liability	4,727,368	1,220,025	-	5,947,393	-
Net OPEB liability	668,061	40,699	-	708,760	-
Total	\$ 7,193,799	2,052,239	724,324	8,521,714	816,706

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:

If the sick leave balance is:	The conversion rate is:
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 \$158,364 is included in accounts payable for retirees.

For the year ended June 30, 2018, thirteen employees received benefits totaling \$112,012 under SLIP.

Other Postemployment Benefits

Plan Description

IPTV's employees are provided with OPEB through the State of Iowa OPEB Plan – a cost-sharing, multiple-employer defined benefit OPEB plan administered by the State of Iowa (State OPEB Plan). The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self-insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in the plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Plan Membership

There are 90 active and 7 retired participants in the plan.

Plan Benefits

The State OPEB Plan currently offers 3 plans which are available to participants: the Iowa Choice Plan, the National Choice Plan and the SPOC (State Police Officer's Council) Plan.

The contribution requirements of the plan participants are established and may be amended by the State Legislature. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, IPTV reported a liability of \$950,683 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation performed as of January 1, 2018 and rolled forward to June 30, 2018 using general accepted actuarial principles. IPTV's proportion of the total OPEB liability was based on a ratio of IPTV's active employees in relation to all active employees of the State OPEB plan. At June 30, 2018, IPTV's proportion was 0.542005%.

For the year ended June 30, 2018, the IPTV recognized OPEB expense of \$100,737. At June 30, 2018, IPTV reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	4,846
Changes in proportion and differences in IPTV's contributions and the IPTV's proportionate share of contributions	6,479	-
Changes of assumptions	11,995	-
Total	<u>\$ 18,474</u>	<u>4,846</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 1,740
2019	1,740
2020	1,740
2021	1,740
2022	1,740
2023	4,928
Total	<u>\$ 13,628</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.60%
Discount rate	3.87%
Healthcare cost trend rates	6.4% - 6.6% initial, decreasing to 4.1% ultimate.

The discount rate was based on the 20-year Bond Buyer GO Index as of the end of June 2018.

The majority of State of Iowa employees are participants in the Iowa Public Employees' Retirement Systems. For this reason, the individual salary increase, mortality withdrawal, retirement, and age of spouse assumptions are based on the assumptions used for the Iowa Public Employees' Retirement System (IPERS) actuarial valuation report as of June 30, 2017. The plan participation and coverage election at retirement assumptions are based upon the recent experience of the State of Iowa Postretirement Medical Plan.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2017, as restated	\$ 882,587
Changes for the year:	
Service cost	66,407
Interest	33,398
Differences between expected and actual experiences	(5,453)
Assumption changes	13,533
Change in proportionate share	7,306
Benefit payments	<u>(47,095)</u>
Net changes	<u>68,096</u>
Total OPEB liability at June 20, 2018	<u>\$ 950,683</u>

Sensitivity of IPTV's Total OPEB Liability to Changes in the Discount Rate

The proportionate share of the total OPEB liability was calculated using a discount rate of 3.87%, as well as a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the discount rate is presented below:

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 889,230	950,683	1,015,214

Sensitivity of IPTV’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The proportionate share of the total OPEB liability was calculated using a healthcare cost rate of 6.4% - 6.6% as well as a discount rate that is 1 percentage point lower (5.4% - 5.6%) or 1 percentage higher (7.4% - 7.6%) than the current discount rate. The sensitivity of the proportionate share of the total OPEB liability to changes in the healthcare cost trend rate is presented below:

	1% Decrease (5.4% - 5.6%)	Healthcare Cost Trend Rate (6.4% - 6.6%)	1% Increase (7.4% - 7.6%)
Total OPEB liability	\$ 789,377	950,683	1,068,201

Payables to the OPEB Plan – There were no amounts due to the defined benefit State OPEB plan at June 30, 2018.

(13) Accounting Change/Restatement

In fiscal year 2018, Iowa Public Television implemented the following GASB standards:

Governmental Accounting Standards Board Statement No. 81, Irrevocable Split-Interest Agreements. This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of an irrevocable split-interest agreement.

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities Net Position	Special Revenue Iowa Public Television Foundation
Balances June 30, 2017, as previously reported	\$ 32,804,517	11,449,720
Net OPEB obligation measured under previous standards	708,760	
Total OPEB liability at June 30, 2017	(882,587)	
Unconditional remainder interest	(100,949)	(100,949)
Balances July 1, 2017, as restated	<u>\$ 32,529,741</u>	<u>11,348,771</u>

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, 2018

	General Fund Actual	Less Funds not Required to be Budgeted	Net
Revenues:			
State appropriation	7,780,994	-	7,780,994
Federal assistance	102,803	102,803	-
Receipts from other entities	42,334	-	42,334
Fees and licenses	86,064	86,064	-
Gifts and grants	2,824,936	2,824,936	-
In-kind and indirect support	53,465	-	53,465
Charges for service	675,375	246,179	429,196
Interest on investments	118,658	118,658	-
Miscellaneous	14,011	14,011	-
Total revenues	<u>11,698,640</u>	<u>3,392,651</u>	<u>8,305,989</u>
Expenditures:			
Administration	2,034,571	739,154	1,295,417
Engineering and informational technology	4,048,487	548,436	3,500,051
Educational services	1,242,002	520,983	721,019
Programming, operations and production	7,530,858	5,453,560	2,077,298
Communications and community engagement	1,577,437	655,580	921,857
Total expenditures	<u>16,433,355</u>	<u>7,917,713</u>	<u>8,515,642</u>
Excess (deficiency) of revenues over (under) expenditures	(4,734,715)	(4,525,062)	(209,653)
Other financing sources, net	5,339,613	5,308,046	31,567
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	604,898	782,984	(178,086)
Balance beginning of year	9,323,798	7,267,932	2,055,866
Balance end of year	<u>\$ 9,928,696</u>	<u>8,050,916</u>	<u>1,877,780</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,849,415	7,780,994	-
-	-	-
-	-	42,334
-	-	-
5,500	5,500	(5,500)
-	-	53,465
372,000	372,000	57,196
-	-	-
-	-	-
<u>8,226,915</u>	<u>8,158,494</u>	<u>147,495</u>
1,097,367	1,125,617	(169,800)
5,126,746	4,966,439	1,466,388
788,679	757,679	36,660
1,910,856	1,910,856	(166,442)
<u>928,327</u>	<u>931,077</u>	<u>9,220</u>
<u>9,851,975</u>	<u>9,691,668</u>	<u>1,176,026</u>
(1,625,060)	(1,533,174)	1,323,521
<u>185,015</u>	<u>185,015</u>	<u>(153,448)</u>
(1,440,045)	(1,348,159)	1,170,073
<u>1,796,125</u>	<u>1,936,608</u>	<u>119,258</u>
<u>356,080</u>	<u>588,449</u>	<u>1,289,331</u>

Iowa Public Television

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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 Three Years*
(In Thousands)

Required Supplementary Information

	2018	2017	2016
Agency's proportion of the net pension liability	0.093700%	0.094503%	0.095686%
Agency's proportionate share of the net pension liability (asset)	\$ 6,242	5,947	4,727
Agency's covered payroll	\$ 6,994	6,782	6,550
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	89.25%	87.69%	72.17%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%

* 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

Iowa Public Television

Schedule of Agency Contributions

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

Required Supplementary Information

	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 635	625	606	585	581	560
Contributions in relation to the statutorily required contribution	(635)	(625)	(606)	(585)	(581)	(560)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
Agency's covered-employee payroll	\$ 7,114	6,994	6,782	6,550	6,476	6,462
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	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, 2018

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 (unfunded actuarial liability) 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.

Iowa Public Television

Schedule of Changes in Iowa Public Television's
Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 66,407
Interest cost	33,398
Difference between expected and actual experiences	(5,453)
Changes in assumptions	13,533
Change in proportionate share	7,306
Benefit payments	<u>(47,095)</u>
Net change in total OPEB liability	<u>68,096</u>
Total OPEB liability beginning of year, as restated	<u>882,587</u>
Total OPEB liability end of year	<u>\$ 950,683</u>
Covered-employee payroll	\$ 6,834,239
Total OPEB liability as a percentage of covered payroll	13.9%

Notes to Schedule of Changes in Iowa Public Television's Total OPEB Liability and Related Ratios

Changes in benefit terms:

Effective January 1, 2018, university employees are no longer covered by the State Plan.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to the pay related benefits.

GASB Statement No. 75 requires ten years of information to be presented in this schedule. However, until a full 10-year trend is complied, Iowa Public Television will present information for those years for which information is available. The amounts presented for each fiscal year were determined as of June 30.

Iowa Public Television

Supplementary Information

Iowa Public Television

Combining Balance Sheet
General Fund Accounts

June 30, 2018

with summarized comparative information for June 30, 2017

	State Appropriations #001	CPB Community Service Grant 2017-2019 #004	Iowa Infra- structure #017	CPB Community Service Grant 2016-2018 #033	Market to Market #069	IPTV Miscel- laneous #085
Assets						
Cash	\$ 2,400	2,547,146	-	688,634	87,400	705,682
Unexpended appropriation	653,520	-	1,144,539	-	-	-
Accounts receivable	781	-	-	500	-	8,351
Due from:						
Other funds	10,249	-	-	815	55,000	53,762
Other state agencies	-	11,012	-	4,098	388	2,948
Federal government	-	-	-	-	-	-
Restricted assets - cash	154,241	-	-	-	-	-
Prepaid expenditures	42,230	-	38,764	-	1,444	-
Total assets	863,421	2,558,158	1,183,303	694,047	144,232	770,743
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	353,794	17,498	-	118,918	12,318	12,241
Due to:						
Other funds	304,096	11,035	-	39,198	1,084	-
Other state agencies	27,134	-	-	709	481	1,773
Advances from grantors	21,756	2,529,625	-	535,222	10,695	-
Total liabilities	706,780	2,558,158	-	694,047	24,578	14,014
Deferred inflows of resources:						
Other revenue	-	-	-	-	-	7,128
Fund balances:						
Nonspendable for prepaid expenditures	42,230	-	38,764	-	1,444	-
Restricted for:						
Subsequent years' expenditures	154,241	-	-	-	-	-
Specific purposes	-	-	-	-	-	-
Committed	-	-	1,144,539	-	118,210	749,601
Unassigned	(39,830)	-	-	-	-	-
Total fund balances	156,641	-	1,183,303	-	119,654	749,601
Total liabilities, deferred inflows of resources and fund balances	\$ 863,421	2,558,158	1,183,303	694,047	144,232	770,743

See accompanying independent auditor's report.

Friends Funded Program- ming #303	Educational Services #304	Marketing and Distribution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Friends Contribution Account #713	Technology Reinvestment #943	Total 2018	Total 2017
858,605	84,750	20,189	455,652	374,602	4,357,157	-	10,182,217	9,366,395
-	-	-	-	-	-	537,836	2,335,895	2,426,671
-	24,815	4,548	-	43,555	134	-	82,684	54,601
340,935	5,000	-	22,308	1,925	1,208,913	-	1,698,907	1,368,117
3,973	22,474	68	2,137	1,634	17,394	-	66,126	56,472
-	32,854	-	-	-	-	-	32,854	34,028
-	-	-	-	-	-	-	154,241	99,015
1,043	-	-	-	-	-	-	83,481	124,787
1,204,556	169,893	24,805	480,097	421,716	5,583,598	537,836	14,636,405	13,530,086
71,145	21,459	1,194	27,085	4,900	-	-	640,552	638,134
469,497	7,034	-	3,529	-	39,388	-	874,861	567,842
358	42	-	26	-	837	-	31,360	33,454
-	-	-	12,820	-	-	-	3,110,118	2,948,332
541,000	28,535	1,194	43,460	4,900	40,225	-	4,656,891	4,187,762
-	135	-	-	43,555	-	-	50,818	18,526
1,043	-	-	-	-	-	-	83,481	124,787
-	-	-	-	-	-	-	154,241	99,015
-	-	-	436,637	-	5,543,373	-	5,980,010	5,421,533
662,513	141,223	23,611	-	373,261	-	537,836	3,750,794	3,721,205
-	-	-	-	-	-	-	(39,830)	(42,742)
663,556	141,223	23,611	436,637	373,261	5,543,373	537,836	9,928,696	9,323,798
1,204,556	169,893	24,805	480,097	421,716	5,583,598	537,836	14,636,405	13,530,086

Iowa Public Television

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

Year ended June 30, 2018
with summarized comparative information for the year ended June 30, 2017

	State Appropriations #001	CPB Community Service Grant 2017-2019 #004	Iowa Infra- structure #017	CPB Community Service Grant 2016-2018 #033	Market to Market #069	IPTV Miscel- laneous #085
Revenues:						
State appropriation	\$ 7,520,994	-	-	-	-	-
Federal assistance	-	-	-	-	-	-
Receipts from other entities	42,334	-	-	-	-	-
Fees and licenses	-	-	-	-	70,564	-
Gifts and grants	-	709,685	-	1,910,464	-	25
In-kind and indirect support	53,465	-	-	-	-	-
Charges for service	429,196	-	-	-	-	-
Interest on investments	-	20,017	-	21,372	1,384	9,006
Miscellaneous	-	-	-	-	-	13,941
Total revenues	8,045,989	729,702	-	1,931,836	71,948	22,972
Expenditures:						
Administration	1,206,979	121,939	88,438	509,896	-	93,903
Engineering and informational technology	3,121,699	68,182	322,391	250,746	541	165,136
Educational services	721,019	40,216	-	142,132	-	-
Programming, operations and production	2,050,776	355,580	-	577,643	163,159	-
Communications and community engagement	921,857	123,768	-	430,047	120	382
Total expenditures	8,022,330	709,685	410,829	1,910,464	163,820	259,421
Excess (deficiency) of revenues over (under) expenditures	23,659	20,017	(410,829)	21,372	(91,872)	(236,449)
Other financing sources (uses):						
Operating transfers in	31,567	-	-	-	175,925	240,728
Operating transfers out	-	(20,017)	-	(21,372)	-	-
Total other financing sources (uses)	31,567	(20,017)	-	(21,372)	175,925	240,728
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	55,226	-	(410,829)	-	84,053	4,279
Fund balance beginning of year	101,415	-	1,594,132	-	35,601	745,322
Fund balance end of year	\$ 156,641	-	1,183,303	-	119,654	749,601

See accompanying independent auditor's report.

Friends Funded Program- ming #303	Educational Services #304	Marketing and Distri- bution #308	Educational and Contractual Services #311	Capital Equipment Replacement #316	Friends Contribution Account #713	Technology Reinvestment #943	Total 2018	Total 2017
-	-	-	-	-	-	260,000	7,780,994	8,890,846
-	102,803	-	-	-	-	-	102,803	55,840
-	-	-	-	-	-	-	42,334	73,629
-	-	15,500	-	-	-	-	86,064	84,598
47,244	129,281	-	28,237	-	-	-	2,824,936	2,887,994
-	-	-	-	-	-	-	53,465	49,772
-	138,480	87	101,001	6,611	-	-	675,375	637,069
14,791	849	286	7,494	5,203	38,256	-	118,658	72,479
-	-	70	-	-	-	-	14,011	84,764
62,035	371,413	15,943	136,732	11,814	38,256	260,000	11,698,640	12,836,991
-	-	-	-	3,884	9,532	-	2,034,571	1,917,779
20,100	-	-	91	43,640	-	55,961	4,048,487	4,572,113
-	316,800	-	21,835	-	-	-	1,242,002	1,244,503
3,508,905	4,156	26,030	818,087	-	-	26,522	7,530,858	7,635,831
96,550	4,713	-	-	-	-	-	1,577,437	1,421,855
3,625,555	325,669	26,030	840,013	47,524	9,532	82,483	16,433,355	16,792,081
(3,563,520)	45,744	(10,087)	(703,281)	(35,710)	28,724	177,517	(4,734,715)	(3,955,090)
3,752,089	28,525	-	778,566	5,699	4,566,804	-	9,579,903	7,849,144
(50,375)	(36,190)	-	(279,020)	-	(3,833,316)	-	(4,240,290)	(3,372,990)
3,701,714	(7,665)	-	499,546	5,699	733,488	-	5,339,613	4,476,154
138,194	38,079	(10,087)	(203,735)	(30,011)	762,212	177,517	604,898	521,064
525,362	103,144	33,698	640,372	403,272	4,781,161	360,319	9,323,798	8,802,734
663,556	141,223	23,611	436,637	373,261	5,543,373	537,836	9,928,696	9,323,798

Schedule 3

Iowa Public Television

Schedule of Expenditures by Object
General Fund

Year ended June 30, 2018

with summarized comparative information for the year ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Personal services	\$ 10,063,190	9,948,507
Travel	153,070	166,188
Supplies and materials	3,093,039	2,994,327
Contractual services	2,384,290	2,969,669
Equipment and repair	641,175	697,215
Claims and miscellaneous	9,538	8,233
Licenses, permits and refunds	615	760
State aid and credits	-	25
Plant improvements	88,438	7,157
Total	<u>\$ 16,433,355</u>	<u>16,792,081</u>

See accompanying independent auditor's report.

Iowa Public Television

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ -	17,362	17,362	-
Accounts receivable	232	6,108	232	6,108
Total assets	\$ 232	23,470	17,594	6,108
Liabilities				
Due to other State Agencies	\$ 232	655	232	655
Deferred inflows of resources				
Other revenue	-	5,453	-	5,453
Total liabilities and deferred inflows of resources	\$ 232	6,108	232	6,108

See accompanying independent auditor's report.

Iowa Public Television



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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 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, 2018, 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 14, 2018. 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 14, 2018

Iowa Public Television

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Karen L. Brustkern, CPA, Senior Auditor II
Mallory A. Peters, Senior Auditor
Alexia M. Blank, Staff Auditor
Jason J. Miller, Staff Auditor
Sarah K. Nissen, Staff Auditor
Adrian T. Duer, Intern Auditor
Mark W. Hart, Assistant Auditor
Erin M. Wittrock, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State

Statistical Information

Iowa Public Television
Statistical Information
Members and Contributors
(Unaudited)
Year ended June 30, 2018

The number of individuals making contributions to the Iowa Public Television
Foundation during the year ended June 30, 2018 was as follows:

Contributors	4,108
Active members	48,660
Leadership Circle members	<u>1,248</u>
Total	<u>54,016</u>

See accompanying independent auditor's report.