

**WISCONSIN EDUCATIONAL
COMMUNICATIONS BOARD**

Madison, Wisconsin

Financial Statements
Years Ended June 30, 2015 and 2014

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Independent Auditors' Report

Board of Directors
Wisconsin Educational Communications Board
Madison, Wisconsin

We have audited the accompanying financial statements of the State of Wisconsin Educational Communications Board's Operating Fund (Board) and the Wisconsin Public Broadcasting Foundation, Inc. as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc. and the Friends of Wisconsin Public Television, Inc., which represent 12.3% and 9.8% of total assets as of June 30, 2015 and 2014, respectively, and 42.4% and 41.7% for total revenues for the fiscal years ended June 30, 2015 and 2014, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wisconsin Public Radio Association, Inc. and the Friends of Wisconsin Public Television, Inc., is based upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Board'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 the Board'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wisconsin Educational Communications Board as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 and required supplementary information on page 43 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, who 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 auditing standards generally accepted in the United States of America, 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.

Change in Accounting Principle

During the year ended June 30, 2015, the District adopted new accounting guidance, GASB Statement 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

February 08, 2016
Milwaukee, Wisconsin

**Wisconsin Educational Communications Board
Management's Discussion and Analysis**

Prepared by Wisconsin Educational Communications Board Management

The Management's Discussion and Analysis (MD&A) section is prepared by the Educational Communications Board's (ECB's) executive staff and is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement Number 34. The MD&A provides the reader with general information on the financial activities of ECB and the Wisconsin Public Broadcasting Foundation, Inc. (WPBF).

ECB is an agency of the State of Wisconsin that delivers educational, noncommercial and public safety media to the citizens of Wisconsin. ECB operates a public television network (Wisconsin Television Network) consisting of 5 digital stations, as well as 3 public radio networks (WERN-FM and its affiliated Music Network stations, WHAD-FM and its affiliated Ideas Network stations, and a network of 24 hours per day classical music HD radio stations) consisting of 17 FM stations and 1 AM station (13 of the FM sites and the AM site are currently broadcasting a digital radio signal in addition to analog). ECB also operates 2 FM translators, 6 TV translators, and a network of 28 weather service broadcast sites. Additionally, ECB holds multiple Educational Broadband Service licenses.

Following this section are financial statements and notes pertaining to ECB. The Statements of Net Position provide information on the assets and liabilities of ECB, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether ECB's financial position is improving or deteriorating. The Statements of Activities and the Statements of Cash Flows provide information on income, expenses, and cash activities. The Notes to the Financial Statements provide additional information that is essential to promoting a full understanding of the data provided in the financial statements.

**Wisconsin Educational Communications Board
Management's Discussion and Analysis
(Continued)**

Condensed financial information for ECB as of and for the fiscal years ended June 30, 2015, June 30, 2014, and June 30, 2013, is as follows:

ECB Condensed Financial Information

	June 30, 2015	Change from Prior Year	June 30, 2014	Change from Prior Year	June 30, 2013
Capital and Intangible Assets ¹	\$11,783,328	(13)%	\$13,473,009	<1%	\$13,454,356
Other Assets ²	<u>24,112,596</u>	13%	<u>21,397,711</u>	20%	<u>17,801,883</u>
Total Assets	35,895,924		34,870,720		31,256,239
Deferred Outflows ²	486,017	271%	131,140	NA	---
Current Liabilities	2,913,581	41%	2,069,503	7%	1,935,021
Noncurrent Liabilities	<u>463,193</u>	(24)%	<u>608,690</u>	(17)%	<u>735,810</u>
Total Liabilities	3,376,774		2,678,193		2,670,831
Net Invested in Capital Assets ¹	11,727,417	(12)%	13,402,527	<1%	13,374,092
Restricted by Grants or Donors	319,657	(42)%	553,299	16%	478,948
Restricted – WRS Pension Balance ²	1,038,208	1%	1,028,472	NA	---
Unrestricted	<u>19,919,885</u>	15%	<u>17,339,369</u>	18%	<u>14,750,368</u>
Total Net Position ^{1 2}	<u>\$33,005,167</u>		<u>\$32,323,667</u>		<u>\$28,603,408</u>

	FY 2015	Change from Prior Year	FY2014	Change from Prior Year	FY 2013
Operating Revenues	\$15,739,913	6%	\$14,827,595	8%	\$13,692,165
Operating Expenses	<u>22,013,958</u>	3%	<u>21,331,174</u>	(4)%	<u>22,216,144</u>
Net Operating Loss	(6,274,045)		(6,503,579)		(8,523,979)
Nonoperating Revenues (Expenses)	6,600,556	(19)%	8,133,016	8%	7,509,132
Capital Contributions and Transfers	<u>354,989</u>	(67)%	<u>1,062,350</u>	(17)%	<u>1,282,488</u>
Changes in Net Position	<u>\$ 681,500</u>		<u>\$ 2,691,787</u>		<u>\$ 267,641</u>

¹ FY 2013 data was restated for change in accounting policy related to capital assets.

² FY 2014 data was restated for the implementation of GASB 68.

**Wisconsin Educational Communications Board
Management's Discussion and Analysis
(Continued)**

State of Wisconsin General Fund Revenues, which are a significant source of funding for ECB's education services, safety services, delivery operations, and the associated administration, are reported as Nonoperating Revenues under governmental accounting standards. The result of this accounting treatment is a reported net operating loss. This loss is offset by Nonoperating Revenues and Capital Contributions.

ECB's Capital Assets of \$11.8 million as of June 30, 2015, are presented at historical cost less depreciation. Capital Assets, which include Intangible Assets, decreased 13 percent between FY 2014 and FY 2015 because capital asset additions were outpaced by depreciation in FY 2015. Capital Assets were virtually unchanged in FY 2014 from the restated FY 2013 balance.

Other Assets for FY 2014 and 2015 include a Net Pension Asset, as dictated by the implementation of GASB Statement 68. In addition to the Net Pension Asset, the agency increased investments, leading to an Other Assets increase of 20 percent between FY 2014 and FY 2013. Other Assets increased 13% in FY 2015 because additional investments were made from bequests received. ECB also invested more of its Cash balance in FY 2015. Higher Operating Revenues offset the transfer out of Cash to keep Cash balances level.

The 41 percent increase in FY 2015 and 7 percent increase in FY 2014 of Current Liabilities occurred because of the timing of vendor invoices; the payments to affiliates occurring just after fiscal year end for FY 2015, which caused a higher Due to Affiliates balance. Noncurrent Liabilities decreased by 24 percent in FY 2015 and 17 percent in FY 2014 because ECB recognized a portion of the Unearned Revenue during each year. Compensated Absences Payable also decreased in FY 2015 due to reduced staffing levels at ECB.

Operating Revenues increased 6 percent in FY 2015 because of increased Contributed Support, Underwriting Grants and Corporation for Public Broadcasting Grants. Operating Revenues increased 8 percent in FY 2014 primarily because of significant bequest revenue received during the year. Operating Expenses rose by 3 percent in FY 2015 because of increased costs for Television and Radio programming. Operating Expenses decreased by 4 percent in FY 2014 primarily because of a decrease in depreciation expense related to the change in accounting policy, and because of fewer project-related Programming and Production expenses as a result in position vacancies in FY 2014.

**Wisconsin Educational Communications Board
Management's Discussion and Analysis
(Continued)**

Nonoperating Revenues consist of investment earnings and losses, both realized and unrealized, gains or losses on disposal of assets, and financial support from the State of Wisconsin General Fund. Nonoperating Revenues and Expenses decreased 19 percent in FY 2015 because of decreased State General Fund Revenue, a result of the most recent budget legislation, 2015 Wisconsin Act 55. Investment Income was lower in FY 2015 than in FY 2014 because of market conditions. Nonoperating Revenues and Expenses increased by 8 percent in FY 2014 because of higher Investment Income related to market conditions, and lower Capital Debt Interest Expense.

Capital Contributions decreased 67 percent in FY 2015 and 17 percent during FY 2014 because there were fewer active capital projects during the each of the fiscal years as compared to previous fiscal years. The decrease in FY 2015 is also a result of 2015 Wisconsin Act 55.

The net results of all operations for the year are summarized in the line titled Changes in Net Position.

This financial report is designed to provide a general overview of ECB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to gene.purcell@ecb.org or to ECB in care of the Executive Director, 3319 West Beltline Highway, Madison, WI 53713-4296.

General information relating to the Educational Communications Board can be found at its website, www.ecb.org.

Wisconsin Educational Communications Board
Madison, Wisconsin

Statements of Net Position
June 30, 2015

	Operating Fund	Wisconsin Public Broadcasting Foundation, Inc.	Total June 30, 2015
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,368,356	\$ 6,778,896	\$ 9,147,252
Investments	---	249,743	249,743
Intangible Assets	256,782	---	256,782
Pledges Receivable	---	49,276	49,276
Affiliates Receivable	180,435	---	180,435
Other Receivables	407,520	52,563	460,083
Prepaid Expenses	---	87,465	87,465
Inventory	---	4,430	4,430
Total Current Assets	3,213,093	7,222,373	10,435,466
Noncurrent Assets:			
Investments	---	13,381,720	13,381,720
Net Pension Asset	552,192	---	552,192
Land	158,743	---	158,743
Buildings, net of accumulated depreciation	2,935,740	---	2,935,740
Equipment, net of accumulated depreciation	7,789,621	---	7,789,621
Intangible Assets	642,442	---	642,442
Total Noncurrent Assets	12,078,738	13,381,720	25,460,458
Total Assets	15,291,831	20,604,093	35,895,924
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	486,017	---	486,017
Liabilities			
Current Liabilities:			
Accounts payable	355,907	90,543	446,450
Due to Affiliates	1,074,174	628,765	1,702,939
Wages Payable	333,650	---	333,650
Capital Debt Interest Expense Payable	166,271	---	166,271
Deferred revenue	89,681	166,808	256,489
Bonds Payable	7,782	---	7,782
Total Current Liabilities	2,027,465	886,116	2,913,581
Long-Term Liabilities:			
Compensated absences payable	400,043	---	400,043
Bonds Payable	48,129	---	48,129
Deferred revenue	15,021	---	15,021
Total Long Term Liabilities	463,193	---	463,193
Total Liabilities	2,490,658	886,116	3,376,774
Net Position			
Invested in Capital Assets net of related debt	11,727,417	---	11,727,417
Restricted by grants or donors	113,042	49,720	162,762
Restricted - nonexpendable	---	156,895	156,895
Restricted - WRS Pension Balance	1,038,208	---	1,038,208
Unrestricted	408,523	19,511,362	19,919,885
Total Net Position	\$ 13,287,190	\$ 19,717,977	\$ 33,005,167

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board
Madison, Wisconsin

Statement of Net Position
June 30, 2014

	Wisconsin Public Broadcasting		
	Operating Fund	Foundation, Inc.	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,663,184	\$ 7,545,339	\$ 9,208,523
Investments	---	249,319	249,319
Intangible Assets	375,253	---	375,253
Pledges Receivable	---	134,466	134,466
Affiliates Receivable	93,918	39,722	133,640
Other Receivables	360,162	3,470	363,632
Prepaid Expenses	2,307	60,448	62,755
Inventory	3,837	2,946	6,783
Total Current Assets	2,498,661	8,035,710	10,534,371
Noncurrent Assets:			
Investments	---	10,341,261	10,341,261
Net Pension Asset	897,332	---	897,332
Land	158,743	---	158,743
Buildings, net of accumulated depreciation	3,227,124	---	3,227,124
Equipment, net of accumulated depreciation	9,012,718	---	9,012,718
Intangible Assets	699,171	---	699,171
Total Noncurrent Assets	13,995,088	10,341,261	24,336,349
Total Assets	16,493,749	18,376,971	34,870,720
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	131,140	---	131,140
Liabilities			
Current Liabilities:			
Accounts payable	414,207	68,961	483,168
Due to Affiliates	307,423	499,012	806,435
Wages Payable	348,966	---	348,966
Capital Debt Interest Expense Payable	170,630	---	170,630
Deferred revenue	105,614	144,424	250,038
Bonds Payable	10,266	---	10,266
Total Current Liabilities	1,357,106	712,397	2,069,503
Long-Term Liabilities:			
Compensated absences payable	443,772	---	443,772
Bonds Payable	60,216	---	60,216
Deferred revenue	104,702	---	104,702
Total Long Term Liabilities	608,690	---	608,690
Total Liabilities	1,965,796	712,397	2,678,193
Net Position			
Invested in Capital Assets net of related debt	13,402,527	---	13,402,527
Restricted by grants or donors	258,634	137,770	396,404
Restricted - nonexpendable	---	156,895	156,895
Restricted - WRS Pension Balance	1,028,472	---	1,028,472
Unrestricted	(30,540)	17,369,909	17,339,369
Total Net Position	\$ 14,659,093	\$ 17,664,574	\$ 32,323,667

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board

Madison, Wisconsin

Statements of Activities
Year Ended June 30, 2015

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total June 30, 2015</u>
Operating Revenues			
Contributed Support	\$ ---	\$ 7,407,115	\$ 7,407,115
Corporation for Public Broadcasting Grants	---	2,048,219	2,048,219
Underwriting Grants	---	1,405,127	1,405,127
Major Gifts	---	2,161,892	2,161,892
Contributed In-kind Support	378,700	13,009	391,709
Other Income	1,570,461	755,390	2,325,851
Total Operating Revenues	<u>1,949,161</u>	<u>13,790,752</u>	<u>15,739,913</u>
Operating Expenses			
Program Services:			
Programming and production	8,655,219	541,965	9,197,184
Broadcasting	8,247,840	98,592	8,346,432
Program information	255,613	155,569	411,182
Total Program Services	<u>17,158,672</u>	<u>796,126</u>	<u>17,954,798</u>
Support Services:			
Management and general	1,468,283	246,471	1,714,754
Fund raising and membership development	96,332	2,145,524	2,241,856
Underwriting	102,250	300	102,550
Total Support Services	<u>1,666,865</u>	<u>2,392,295</u>	<u>4,059,160</u>
Total Operating Expenses	<u>18,825,537</u>	<u>3,188,421</u>	<u>22,013,958</u>
Operating income (loss)	(16,876,376)	10,602,331	(6,274,045)
Nonoperating Revenues (Expenses)			
State General Fund Revenue for Operations	7,125,105	---	7,125,105
Capital Debt Interest Expense	(858,090)	---	(858,090)
State Insurance Funds	5,314	---	5,314
Investment Income	---	413,727	413,727
Required Lapse to the General Fund	(85,500)	---	(85,500)
Total Nonoperating revenues (expenses)	<u>6,186,829</u>	<u>413,727</u>	<u>6,600,556</u>
Income (loss) before contributions and transfers	(10,689,547)	11,016,058	326,511
Capital Contributions and Transfers			
Capital Contributions	354,989	---	354,989
Interfund transfer	8,962,655	(8,962,655)	---
Changes in Net Position	(1,371,903)	2,053,403	681,500
Total Net Position - Beginning	<u>14,659,093</u>	<u>17,664,574</u>	<u>32,323,667</u>
Total Net Position - Ending	<u>\$ 13,287,190</u>	<u>\$ 19,717,977</u>	<u>\$ 33,005,167</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board
Madison, Wisconsin

Statements of Activities
Year Ended June 30, 2014

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total</u>
Operating Revenues			
Contributed Support	\$ ---	\$ 6,509,934	\$ 6,509,934
Corporation for Public Broadcasting Grants	---	1,792,746	1,792,746
Underwriting Grants	---	1,244,623	1,244,623
Major Gifts	---	2,576,059	2,576,059
Contributed In-kind Support	370,090	25,669	395,759
Other Income	1,602,970	705,504	2,308,474
Total Operating Revenues	<u>1,973,060</u>	<u>12,854,535</u>	<u>14,827,595</u>
Operating Expenses			
Program Services:			
Programming and production	7,481,730	530,222	8,011,952
Broadcasting	8,530,726	5,333	8,536,059
Program information	718,624	135,603	854,227
Total Program Services	<u>16,731,080</u>	<u>671,158</u>	<u>17,402,238</u>
Support Services:			
Management and general	1,439,288	215,586	1,654,874
Fund raising and membership development	125,938	1,961,952	2,087,890
Underwriting	177,609	8,563	186,172
Total Support Services	<u>1,742,835</u>	<u>2,186,101</u>	<u>3,928,936</u>
Total Operating Expenses	<u>18,473,915</u>	<u>2,857,259</u>	<u>21,331,174</u>
Operating income (loss)	(16,500,855)	9,997,276	(6,503,579)
Nonoperating Revenues (Expenses)			
State General Fund Revenue for Operations	7,841,903	---	7,841,903
Capital Debt Interest Expense	(872,111)	---	(872,111)
Investment Income	---	1,233,165	1,233,165
Settlement Proceeds	15,559	---	15,559
Required Lapse to the General Fund	(85,500)	---	(85,500)
Total Nonoperating revenues (expenses)	<u>6,899,851</u>	<u>1,233,165</u>	<u>8,133,016</u>
Income (loss) before contributions and transfers	(9,601,004)	11,230,441	1,629,437
Capital Contributions and Transfers			
Capital Contributions	1,062,350	---	1,062,350
Interfund transfer	8,729,650	(8,729,650)	---
Changes in Net Position	190,996	2,500,791	2,691,787
Total Net Position - Beginning	13,439,625	15,163,783	28,603,408
Adjustment due to change in accounting principle	1,028,472	---	1,028,472
Total Net Position - Beginning as adjusted	<u>14,468,097</u>	<u>15,163,783</u>	<u>29,631,880</u>
Total Net Position - Ending	<u>\$ 14,659,093</u>	<u>\$ 17,664,574</u>	<u>\$ 32,323,667</u>

The accompanying notes to the financial statements
are and integral part of these statements.

Wisconsin Educational Communications Board

Madison, Wisconsin

Statements of Cash Flows

Year Ended June 30, 2015

	Wisconsin Public		
	Operating Fund	Broadcasting Foundation, Inc.	Total
	Operating Fund	Foundation, Inc.	June 30, 2015
Cash Flows from Operating Activities			
Contributed Support	\$ ---	\$ 11,081,708	\$ 11,081,708
Receipts from Other Income	1,304,259	2,794,238	4,098,497
Payments to Suppliers	(11,268,062)	(3,052,577)	(14,320,639)
Payments to Employees	(4,491,985)	---	(4,491,985)
Net Cash Provided (Used) by Operating Activities	<u>(14,455,788)</u>	<u>10,823,369</u>	<u>(3,632,419)</u>
Cash Flows from Noncapital Financing Activities			
Receipts from State Government	7,196,195	---	7,196,195
Transfers to the General Fund	(85,500)	---	(85,500)
Interfund Transfers	8,962,655	(8,962,655)	---
Net Cash Provided (Used) for Noncapital Financing Activities	<u>16,073,350</u>	<u>(8,962,655)</u>	<u>7,110,695</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	315,926	---	315,926
Purchases of Capital Assets	(356,520)	---	(356,520)
Principal Paid on Capital Debt	(9,347)	---	(9,347)
Interest Paid on Capital Debt	(862,449)	---	(862,449)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(912,390)</u>	<u>---</u>	<u>(912,390)</u>
Cash Flows from Investing Activities			
Net Purchases, Sales, and Maturities of Investments	---	(2,940,180)	(2,940,180)
Interest and Dividends	---	313,023	313,023
Net Cash Provided (Used) for Investing Activities	<u>---</u>	<u>(2,627,157)</u>	<u>(2,627,157)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	705,172	(766,443)	(61,271)
Balances - Beginning of the Year	<u>1,663,184</u>	<u>7,545,339</u>	<u>9,208,523</u>
Balances - End of the Year	<u>\$ 2,368,356</u>	<u>\$ 6,778,896</u>	<u>\$ 9,147,252</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board
Madison, Wisconsin

Statements of Cash Flows
Year Ended June 30, 2015
(Continued)

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total June 30, 2015</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (16,876,376)	\$ 10,602,331	\$ (6,274,045)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	1,890,587	---	1,890,587
Change in Assets and Liabilities:			
Receivables, Net	(160,588)	75,819	(84,769)
Inventories	3,837	(1,484)	2,353
Prepaid Expense	2,307	(27,017)	(24,710)
Deferred Revenue	(105,614)	22,384	(83,230)
Accounts and Other Payables	790,059	151,336	941,395
Net Cash Provided (Used) by Operating Activities	<u>\$ (14,455,788)</u>	<u>\$ 10,823,369</u>	<u>\$ (3,632,419)</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board

Madison, Wisconsin

Statements of Cash Flows

Year Ended June 30, 2014

	Wisconsin Public Broadcasting		
	<u>Operating Fund</u>	<u>Foundation, Inc.</u>	<u>Total</u>
Cash Flows from Operating Activities			
Contributed Support	\$ ---	\$ 10,413,754	\$ 10,413,754
Receipts from Other Income	1,481,459	2,549,543	4,031,002
Payments to Suppliers	(11,877,236)	(2,656,404)	(14,533,640)
Payments to Employees	(4,377,105)	---	(4,377,105)
Net Cash Provided (Used) by Operating Activities	(14,772,882)	10,306,893	(4,465,989)
Cash Flows from Noncapital Financing Activities			
Receipts from State Government	7,633,976	---	7,633,976
Settlement Proceeds	15,559	---	15,559
Transfers to the General Fund	(85,500)	---	(85,500)
Interfund Transfers	8,729,650	(8,729,650)	---
Net Cash Provided (Used) for Noncapital Financing Activities	16,293,685	(8,729,650)	7,564,035
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	1,062,350	---	1,062,350
Purchases of Capital Assets	(1,897,333)	---	(1,897,333)
Principal Paid on Capital Debt	(9,782)	---	(9,782)
Interest Paid on Capital Debt	(882,057)	---	(882,057)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,726,822)	---	(1,726,822)
Cash Flows from Investing Activities			
Net Purchases, Sales, and Maturities of Investments	---	(1,636,304)	(1,636,304)
Interest and Dividends	---	230,499	230,499
Net Cash Provided (Used) for Investing Activities	---	(1,405,805)	(1,405,805)
Net Increase (Decrease) in Cash and Cash Equivalents	(206,019)	171,438	(34,581)
Balances - Beginning of the Year	1,869,203	7,373,901	9,243,104
Balances - End of the Year	<u>\$ 1,663,184</u>	<u>\$ 7,545,339</u>	<u>\$ 9,208,523</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board

Madison, Wisconsin

Statements of Cash Flows

Year Ended June 30, 2014

(Continued)

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (16,500,855)	\$ 9,997,276	\$ (6,503,579)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	1,878,680	---	1,878,680
Change in Assets and Liabilities:			
Receivables, Net	(15,897)	125,390	109,493
Inventories	4,011	1,934	5,945
Prepaid Expense	7,943	8,439	16,382
Deferred Revenue	(105,614)	9,041	(96,573)
Accounts and Other Payables	(41,150)	164,813	123,663
	<hr/>	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ (14,772,882)</u>	<u>\$ 10,306,893</u>	<u>\$ (4,465,989)</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014

11. Summary of Significant Accounting Policies

Organization

The Wisconsin Educational Communications Board (ECB) is an agency of the State of Wisconsin that delivers educational, noncommercial and public safety media to the citizens of Wisconsin. ECB operates a public television network (Wisconsin Television Network) consisting of 5 digital stations, as well as 3 public radio networks (WERN-FM and its affiliated Music Network stations, WHAD-FM and its affiliated Ideas Network stations, and a network of 24 hours per day classical music HD radio stations) consisting of 17 FM stations and 1 AM station (13 of the FM sites and the AM site are currently broadcasting a digital radio signal in addition to analog). ECB also operates 2 FM translators, 6 TV translators, and a network of 28 National Weather Service broadcast sites. Additionally, ECB holds multiple Educational Broadband Service licenses.

The Wisconsin Public Broadcasting Foundation, Inc. (WPBF) is a statutorily defined not-for-profit corporation (s. 39.12, Wis. Stats.) wholly owned by ECB that solicits funds in the name of, and with the express approval of ECB and provides financial support to ECB. WPBF is managed by a statutorily defined five-member board of trustees consisting of the Executive Director of ECB and four members of the ECB Board. Because the State has fiscal accountability for and can influence WPBF operations through legislation, WPBF is considered a blended component unit of the State of Wisconsin. WPBF's financial statements are presented as a separate fund in ECB's financial statements.

ECB's allocated shares of the assets, liabilities, revenues, and expenses of the Friends of Wisconsin Public Television, Inc., (Friends) and the Wisconsin Public Radio Association, Inc. (WPRA) are included in the WPBF fund. Friends is a not-for-profit corporation that receives contributed funds for Wisconsin Public Television and provides support to the ECB television network and to WHA-TV, a University of Wisconsin (UW) Board of Regents licensed station. WPRA is a not-for-profit corporation that receives contributed funds for Wisconsin Public Radio and provides support to the ECB radio networks and to UW Board of Regents licensed radio stations affiliated with Wisconsin Public Radio. See Note 16 for further information regarding Friends and WPRA.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles general accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB allows governmental entities that previously used the American Institute of Certified Public Accountants not-for-profit model to use enterprise fund accounting and financial reporting. Enterprise fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Significant inter-organization accounts and transactions have been eliminated.

Revenues from government-mandated or voluntary nonexchange transactions, such as contributions and grants, are recognized when all applicable eligibility requirements are met. Eligibility requirements are established by the provider of the funds and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. Restrictions that specify the purpose for which resources are required to be used are not considered eligibility requirements and do not affect when a nonexchange revenue is recognized.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Contributions, gifts, and grants that do not have eligibility requirements are reported as revenue when ECB is entitled to the funds. Revenue is recognized for pledged Friends or WPRA contributions that are expected to be collected within one year at their net realizable value. Contributions, gifts, and grants with eligibility requirements, such as expenditure-driven grants, are recognized when the eligibility requirements are met. Noncash contributions and donated services are recognized as revenues in the period of receipt. Noncash expenses are shown in the functional categories of operating expenses in the Statements of Revenues, Expenses, and Changes in Fund Net Position.

Operating revenues and expenses are directly related to programming, production, development, and delivery of noncommercial telecommunications services. Nonoperating revenues and expenses, such as investment income, are indirectly associated with programming, production, development, and delivery of noncommercial telecommunications services.

Certain significant revenue streams, such as State of Wisconsin General Fund revenue, are reported as nonoperating revenue, as defined by GASB Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This reporting model results in operating deficits on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Expenses are categorized in functional categories. Expenses that relate to more than one category are allocated to their respective categories, using estimates if necessary. When an expense is incurred for purposes in which both restricted and unrestricted net position is available, restricted resources are applied first.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events for possibly recognition or disclosure through the date the financial statements were available to be distributed (February 08, 2016) for possible inclusion as a disclosure in the financial statements. There were no subsequent events that required disclosure.

Cash and Cash Equivalents

Cash and cash equivalents in ECB's operating fund include cash balances deposited with the State and shares in the State Investment Fund, a short-term investment pool of state and local funds. Cash and cash equivalents in the WPBF fund include cash deposits with financial institutions and ECB's share of Friends and WPRA cash and cash equivalents.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

1. Summary of Significant Accounting Policies (continued)

Valuation of Investments

Investments are carried at fair value based on quoted market prices. State Investment Fund shares are valued at fair value.

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the WPBF has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Common Stocks, corporate bonds, and U.S. government securities - Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds - Valued at the net asset value (NAV) of shares held by the WPBF at year-end.

Purchases and sales of investments are recorded on a trade-date basis. Donated investments are valued as of the donation date. Interest income is recorded on the accrual basis. Realized gains and losses and unrealized appreciation and depreciation of assets are reported in the statement of activities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the WPBF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. All investments of the WPBF are valued at level 1.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Buildings and improvements, equipment, and land classified as permanent property are recorded at cost or, for donated property, at the estimated fair value at the date of receipt. Assets are capitalized if their acquisition value is in excess of \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 6 years for computer equipment to 20 years for buildings and towers. Land is not depreciated. Expenses for repairs and maintenance are charged to operating expenses as incurred.

Intangible Assets

Intangible assets include costs incurred for program rights. Only costs associated with program rights that are amortized within one year of the fiscal year-end are classified as current intangible assets. Costs associated with program rights amortized more than one year beyond fiscal year-end are classified as noncurrent. As program rights expire and the rights are amortized, the costs incurred will be expensed and included in operating expenses. ECB's rights to use two apertures on a tower operated by another state agency are also included in intangible assets and will be amortized over the life of the tower.

Compensated Absences for Employees

Unused earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. The liability and the expense for compensated absences are based on current rates of pay. The related employer's share of social security taxes, Medicare taxes, and contributions to the Wisconsin Retirement System is also accrued with a resulting liability. The compensated absences liability is classified as either a current or a noncurrent liability based upon an estimate determined by management. The noncurrent liability portion of the compensated absences liability generally is not paid out until the employee's retirement.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

Net Position

GASB has issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63). GASB 63 establishes standards for reporting deferred outflows and inflows of resources and net position. Under GASB 63, ECB classifies net position in the financial statements as follows:

- Net Investment in Capital Assets – includes ECB's capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – includes those assets that have limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted Net Position – includes unrestricted liquid assets.

ECB applies restricted resources when expense is incurred for purposes for which both a restricted and unrestricted net position are available.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources

In addition to assets, and liabilities the statement of financial position will sometimes report a separate section for deferred outflows and inflows. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expenses/expenditures) until then. ECB reports deferred outflows, and inflows of resources related to the net position asset. More detailed information can be found in Note 7.

2. Deposits and Investments

Cash balances in ECB's operating fund are deposited with the State and invested in the State Investment Fund, a short-term investment pool of state and local funds managed by the State of Wisconsin Investment Board, with oversight by its Board of Trustees and in accordance with Wisconsin Statutes. The State Investment Fund is not registered with the Securities and Exchange Commission.

The types of securities in which the State Investment Fund may invest are enumerated in ss. 25.17(3)(b), (ba), (bd), and (dg), Wis. Stats., and include direct obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, unsecured notes of financial and industrial issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States and solvent financial institutions in Wisconsin, and bankers acceptances. The Investment Board's trustees may specifically approve other prudent investments.

WPBF manages its cash and investment activities separate from the cash and investment activities of the State Investment Fund. WPBF cash balances are held in demand deposit accounts at one financial institution. WPBF investments include publicly traded stocks, equity mutual funds, fixed-income mutual funds, and money market holdings and are managed by private trust companies. Friends cash balances are held in deposit and money market accounts at multiple financial institutions. Friends investments include equity mutual funds and fixed-income mutual funds. WPRA cash balances include deposits, certificates of deposit, and money market accounts at one financial institution. WPRA investments include equity mutual funds and fixed-income mutual funds.

As of June 30, 2015 and June 30, 2014, ECB's deposits were \$6,788,896 and \$7,545,339, respectively. Fair value of ECB's investment balances as of June 30, 2015 and June 30, 2014 were as follows:

<u>Investment Type</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Equities	\$ 2,841,561	\$ 2,135,249
Equity Mutual Funds	4,414,685	3,442,511
Fixed-Income Mutual Funds	5,621,547	4,155,421
Money Market	753,670	857,399
Total Investments	<u>\$ 13,631,463</u>	<u>\$ 10,590,580</u>

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

3. Deposits and Investments (continued)

ECB's shares of the State Investment Fund were \$2,368,356 as of June 30, 2015 and \$1,663,184 as of June 30, 2014 and are reported as cash and cash equivalents on the Balance Sheet, but are subject to the investment risk note disclosures.

ECB's deposits and investments are exposed to various risks. Policies regarding these risks are described below. ECB's deposits and investments referred to below include State Investment Fund shares reflected in the ECB Operating Fund's cash and cash equivalents balance, investments held by WPBF, and WPBF's allocated share of deposits and investments held by Friends and WPRA.

Custodial Credit Risk—Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, deposits may not be returned. As of June 30, 2015, \$6,682,896 of ECB's bank balance of \$7,306,171 and, as of June 30, 2014, \$7,129,524 of ECB's bank balance of \$7,864,894 were not covered by the Federal Deposit Insurance Corporation (FDIC) and were exposed to custodial credit risk. WPBF and Friends do not have a policy specifically for custodial credit risk. WPRA's investment guidelines require that its deposits not to exceed the FDIC covered limit in bank accounts or certificates of deposits of any single issuer.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to a fixed-income investment will not fulfill its obligations. WPBF's investment guidelines prohibit security transactions that involve a counterparty rated below A by a nationally recognized statistical rating organization. WPRA's investment guidelines require an average of at least an AA by Moody's or at least an AA by Standard & Poor's. Friends' investment policy requires that investments have a minimum quality rating of investment grade. The State Investment Fund's investment guidelines establish specific maximum exposure limits by security types based on the minimum credit ratings as issued by nationally recognized statistical rating organizations. As of June 30, 2015 and 2014, all of WPBF, WPRA, and Friends fixed-income mutual funds and the State Investment Fund were all unrated.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. WPBF's investment guidelines require that fixed-income investments maintain a weighted average maturity of less than ten years. WPRA's investment guidelines require that the fixed-income investments contain a duration within 20 percent of the effective duration of the benchmark index under normal conditions. Friends does not have an investment policy specifically for interest rate risk. As of June 30, 2015, the fixed-income investments for ECB had the following average maturities:

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

2. Deposits and Investments (continued)

Fixed-Income Investment	Market Value	Average Maturity (years)
MFS Bond Fund – Institutional	\$ 2,887	9.8
Metropolitan West Total Return Bond Fund	153,571	8.1
Vanguard Total Bond Index Fund	132,616	7.9
Dodge and Cox Income Fund	2,055,622	7.7
Baird Core Plus Bond Fund	134,404	7.0
Vanguard Intermediate-Term Investment Grade Fund	82,817	6.4
PIMCO High Yield Fund Institutional Class	230,005	5.8
Thornburg Limited Term Income Fund	135,468	3.9
Vanguard Short-Term Investment Grade Fund – Admiral Shares	2,222,437	3.1
Vanguard Short-Term Investment Grade Fund – Investor Shares	51,222	3.1
Templeton Global Bond Fund	344,007	2.5
Goldman Sachs Global Income Fund	76,491	N/A
Total Fixed-Income Investments	\$ 5,621,547	

As of June 30, 2014, the fixed-income investments for ECB had the following average maturities:

Fixed-Income Investment	Market Value	Average Maturity (years)
MFS Bond Fund – Institutional	\$ 34,866	9.3
Metropolitan West Total Return Bond Fund	156,261	7.9
Vanguard Total Bond Index Fund	120,009	7.7
Dodge and Cox Income Fund	1,710,352	7.3
Baird Core Plus Bond Fund	156,455	7.0
Vanguard Intermediate-Term Investment Grade Fund	72,190	6.4
PIMCO Total Return Fund	104,300	5.3
Vanguard Short-Term Investment Grade Fund	1,355,102	3.1
Templeton Global Bond Fund	376,322	2.6
Goldman Sachs Global Income Fund	69,564	N/A
Total Fixed-Income Investments	\$ 4,155,421	

Wisconsin Educational Communications Board
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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

2. Deposits and Investments (continued)

The State Investment Fund investment guidelines mandate that the weighted average maturity for the entire portfolio not exceed one year.

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. ECB had exposure to foreign currency risk in its investments in international equity securities and mutual funds and in international fixed-income mutual funds, totaling \$1,741,460 and \$1,493,498 as of June 30, 2015 and 2014, respectively. WPBF's investment guidelines require that international equity mutual funds held by WPBF will not constitute more than 20 percent of the equity portion of the investment portfolio. WPRA's investment guidelines require that international equity investments held by WPRA will not constitute more than 20 percent of the equity portion of the investment portfolio. Friends does not have an investment policy specifically for foreign currency risk.

3. Transfers

WPBF transfers funds monthly to ECB's operating fund based upon funding requirements. The transfers are reflected as interfund transfers on the Statements of Revenues, Expenses, and Changes in Fund Net Position and totaled \$8,962,655 and \$8,729,650 for the years ended June 30, 2015 and 2014, respectively. The timing of those transfers and the expenses may result in an interfund payable and a receivable at year-end, which are reflected in the Balance Sheets.

ECB lapsed \$85,500 each year for the years ended June 30, 2015 and 2014 to the State General Fund as part of a reduction of spending authority as required by 2013 Wisconsin Act 20. This transfer is reflected as Transfers to State General Fund on the Statements of Revenues, Expenses, and Changes in Fund Net Position.

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

4. Capital Assets

Capital asset balances and activity for the years ended June 30, 2015 and 2014 are as follows:

	June 30, 2015			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 158,743	\$ ---	\$ ---	\$ 158,743
Capital assets being depreciated:				
Buildings and improvements	8,504,696	35,141	---	8,539,837
Equipment	22,225,933	121,326	(17,766)	22,329,493
Total capital assets at historical cost	30,730,629	156,467	(17,766)	30,869,330
Less accumulated depreciation for:				
Buildings and improvements	(5,277,572)	(326,525)	---	(5,604,097)
Equipment	(13,213,215)	(1,344,423)	17,766	(14,539,872)
Total accumulated depreciation	(18,490,787)	(1,670,948)	17,766	(20,143,969)
Total capital assets being depreciated, Net	12,239,842	(1,514,481)	---	10,725,361
Total capital assets, net	\$ 12,398,585	\$ (1,514,481)	\$ ---	\$ 10,884,104

Wisconsin Educational Communications Board
Madison, Wisconsin

Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

4. Capital Assets (continued)

	June 30, 2014			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 158,743	\$ ---	\$ ---	\$ 158,743
Capital assets being depreciated:				
Buildings and improvements	8,228,753	275,943	---	8,504,696
Equipment	21,230,544	995,389	---	22,225,933
Total capital assets at historical cost	29,459,297	1,271,332	---	30,730,629
Less accumulated depreciation for:				
Buildings and improvements	(4,958,049)	(319,523)	---	(5,277,572)
Equipment	(11,890,979)	(1,322,236)	---	(13,213,215)
Total accumulated depreciation	(16,849,028)	(1,641,759)	---	(18,490,787)
Total capital assets being depreciated, Net	12,610,269	(370,427)	---	12,239,842
Total capital assets, net	\$ 12,769,012	\$ (370,427)	\$ ---	\$ 12,398,585

Depreciation expense of \$1,670,948 and \$1,641,759 was charged to Broadcasting Expense on the Statements of Activities in fiscal years 2015 and 2014 respectively.

Federal grant funds received from the National Telecommunications and Information Administration (NTIA) to purchase equipment contain a priority lien. The lien extends for a period of ten years after the grant is closed, during which time the federal government retains priority reversionary interest in the equipment. ECB was awarded seven NTIA capital equipment grants between fiscal year 2004 and fiscal year 2013. The book value of equipment purchased with NTIA funds is \$775,796 and \$869,107 as of June 30, 2015 and 2014, respectively.

Wisconsin Educational Communications Board
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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

5. Intangible Assets

Because of the complexity of the compiled program rights information, the amount of intangible assets cannot be easily split between historical cost and accumulated amortization. Therefore, intangible assets relating to program rights are presented net of accumulated amortization. The amortization of costs for program rights is shown in the decrease column in the table below.

<u>June 30, 2015</u>	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Intangible Assets	\$ 1,074,424	\$	200,053	\$	(375,253)	\$	899,224

<u>June 30, 2014</u>	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Intangible Assets	\$ 685,344	\$	626,001	\$	(236,921)	\$	1,074,424

6. Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Compensated Absences	\$ 443,772	\$	40,462	\$	(84,191)	\$	400,043
Bonds Payable	60,216		---		(12,087)		48,129
Unearned Revenue	104,702		---		(89,681)		15,021
Total Noncurrent Liabilities	<u>\$ 608,690</u>	<u>\$</u>	<u>40,462</u>	<u>\$</u>	<u>(185,959)</u>	<u>\$</u>	<u>463,193</u>

Noncurrent liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Compensated Absences	\$ 455,012	\$	31,745	\$	(42,985)	\$	443,772
Bonds Payable	70,482		---		(10,266)		60,216
Unearned Revenue	210,316		---		(105,614)		104,702
Total Noncurrent Liabilities	<u>\$ 735,810</u>	<u>\$</u>	<u>31,745</u>	<u>\$</u>	<u>(158,865)</u>	<u>\$</u>	<u>608,690</u>

The noncurrent liabilities from compensated absences are generally funded with operating subsidies received from the State of Wisconsin, whereas the bonds payable are funded with program revenue (Note 11). Compensated absences and bonds payable expected to be paid within one year are reflected in the current liabilities on the Balance Sheets.

Wisconsin Educational Communications Board
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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

7. Defined Benefit Pension Plan

Plan Description

The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings are the average of the participant's three highest years' earnings. Creditable services is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions are required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement.

Wisconsin Educational Communications Board
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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

7. Defined Benefit Pension Plan

Post-Retirement Adjustments (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$218,383 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

Pension Liabilities, Pension Expense and Deferred Outflows of Resources

At June 30, 2015, ECB reported an asset of \$552,192 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. ECB's proportion of the net pension asset was based on the share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the proportion was 0.0225%, which was an increase of 0.0003% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, ECB recognized pension expense of \$208,645.

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(continued)

7. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources (Continued)

At June 30, 2015, ECB reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,051	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	267,398	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,941	---
Employer contributions subsequent to the measurement date	130,627	---
Total	\$ 486,017	\$ ---

\$130,627 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2015	\$ 69,816	\$ ---
2016	69,816	---
2017	69,816	---
2018	69,816	---
2019	69,816	---
Thereafter	6,310	---

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(continued)

7. Defined Benefit Pension Plan (continued)

Actuarial assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

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(continued)

7. Defined Benefit Pension Plan (continued)

Actuarial assumptions (continued)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of ECB's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents ECB's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what ECB's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
ECB's proportionate share of the net pension asset	1,557,828	(552,192)	(2,218,601)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the pension plan at June 30, 2015 were \$11,057. This represents contributions earned as of June 30, 2015, but for which payment was not remitted to the pension plan until subsequent to year-end.

8. Green Bay Tower Lease

In 2002, the Department of Administration authorized ECB to enter into a long-term contract with Young Broadcasting of Green Bay, Inc., with a contract period of 20 years. ECB executed a multi-year lease of a tower, transmission line, antenna, channel combiner, air conditioner, and transmitter building. The lease agreement required a rent prepayment in the amount of \$743,000, which was paid in September 2002 and was funded by the State of Wisconsin State Capital Improvement Fund. The lease is being accounted for as a capital lease and the leased building and equipment are being depreciated over the 20-year term of the lease. The balances of the buildings and equipment, net of accumulated depreciation, are included in the Balance Sheets and total \$245,499 and \$283,268 as of June 30, 2015 and 2014, respectively.

In addition to the rent prepayment, ECB is required to make an annual rent payment in lieu of taxes. The contract requires an initial payment of \$10,000 and a scheduled rent increase each lease year by 3 percent compounded until the end of the lease term. ECB paid \$14,258 and \$13,842 during fiscal years 2015 and 2014, respectively.

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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

8. Green Bay Tower Lease

The following is a schedule of future minimum obligations under this lease as of June 30, 2015:

Fiscal Year Ended June 30	Total
2016	\$ 14,685
2017	15,126
2018	15,580
2019	16,047
2020	16,528
2021-2022	34,559
Total	<u>\$ 112,525</u>

9. Operating Leases

The Department of Administration enters into several operating leases on behalf of ECB. ECB makes the payments on these leases directly to the lessors. During fiscal years 2015 and 2014, ECB paid \$652,587 and \$575,368, respectively, in rent payments for building space, tower space, and broadcast interconnect equipment, which is included in operating expenses on the Statements of Revenues, Expenses, and Changes in Fund Net Position.

10. Operating Leases as Lessor

During fiscal year 2011, ECB entered into a 30-year lease agreement to lease out excess capacity on Educational Broadband Service (EBS) licenses it holds, and during fiscal year 2013, ECB entered into a second 30-year lease agreement to lease out additional excess EBS capacity. The lease agreements require monthly lease payments to increase 3 percent annually over the term of the lease. Monthly lease payments recognized during fiscal years 2015 and 2014 were \$481,370 and \$426,766, respectively, which are included in operating revenues on the Statements of Revenues, Expenses, and Changes in Fund Net Position.

The following is a schedule of future minimum expected receipts under this lease as of June 30, 2015:

Fiscal Year Ended June 30	Total
2016	\$ 493,081
2017	507,877
2018	523,113
2019	538,803
2020	556,222
2021-2025	3,048,366
2026-2030	3,533,948
2031-2035	4,096,860
2036-2040	4,749,402
2041-2043	967,066
Total	<u>\$ 19,014,738</u>

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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

10. Operating Leases as Lessor

In addition, ECB received prepaid fees in the first year of each lease, which are being recognized over the first five years of the leases. If either lease agreement is terminated during its first five years because ECB does not fulfill its responsibilities under the lease, all or a portion of the prepaid fee will be refunded to the lessee. The portion of the prepaid fee earned during fiscal years 2015 and 2014 was \$105,614 each year, which is included in operating revenues on the Statements of Revenues, Expenses, and Changes in Fund Net Position. The remainder of the prepaid fee is included as unearned revenue, with the portion to be earned within one year classified as a current liability and the remaining amount to be earned beyond one year classified as a noncurrent liability on the Balance Sheets.

11. General Obligation Bonds and Notes

ECB has used proceeds received from a number of State of Wisconsin general obligation bonds and general obligation commercial paper notes to finance the acquisition, construction, development, enlargement, or improvement of capital assets. The proceeds are included as capital contributions in the year the assets are purchased.

The general obligation bonds repaid by the State's general purpose revenue are not considered debt of ECB because their repayment is from general purpose revenue. Therefore, the debt financed through general purpose revenue appropriations is reported in the State of Wisconsin's Comprehensive Annual Financial Report (CAFR) rather than ECB's financial statements. The indebtedness carried by the State of Wisconsin on behalf of ECB to be repaid by general purpose revenue as of June 30, 2015 and June 30, 2014 is \$16,925,778 and \$17,539,191, respectively, in general obligation bonds, which includes general obligation refunding bonds, and \$1,754,306 and \$1,894,964, respectively, in commercial paper notes. ECB reports interest expense related to these obligations in nonoperating expenses on the Statements of Revenues, Expenses, and Changes in Fund Net Position as it is incurred. Total interest expense of \$860,795 and \$877,013 and the associated capital support received from the State is included in nonoperating section of the Statements of Revenues, Expenses, and Changes in Fund Net Position.

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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

11. General Obligation Bonds and Notes (continued)

In addition to general obligations financed by general purpose revenue, five general obligation bond issues are financed through program revenues, as mandated by s. 20.255(1)(j), Wis. Stats. Because the repayment of this indebtedness is financed through ECB's program revenues, it represents debt of ECB and, accordingly, is presented as a liability in the financial statements. The amounts provided through program revenue for indebtedness during fiscal years 2015 and 2014 are \$12,655 and \$13,880, respectively, which consisted of principal payments of \$9,347 and \$9,782, respectively, and interest payments of \$3,308 and \$4,098, respectively. The principal payments are recorded as reductions of the current bonds payable, while the interest payments are included in the nonoperating expenses on the Statements of Revenues, Expenses, and Changes in Fund Net Position.

As of June 30, 2015, debt service requirements for principal and interest in future years for program revenue-funded bonds are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 7,782	\$ 2,731	\$ 10,513
2017	11,279	2,338	13,617
2018	11,860	1,778	13,638
2019	12,385	1,205	13,590
2020	11,786	603	12,389
2021	819	29	848
Total	\$ 55,911	\$ 8,684	\$ 64,595

12. Endowment

WPBF, WPRA, and Friends have received endowment gifts that require the preservation of the fair value of the original gifts as of the gift date. WPBF's share of the gifts is shown as restricted nonexpendable net position to comply with provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Management of WPBF has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. All earnings on the principal amount can be used for general operations. WPBF does not have a formalized spending policy.

Quasi-Endowment

The management of WPBF established an endowment for the ECB television network during fiscal year 1993 and an endowment for the ECB radio networks during fiscal year 2005 to support the operations of the television and radio networks, as determined necessary by ECB staff, with oversight by the WPBF board. Values as of June 30, 2015 and 2014 are \$1,891,625 and \$1,591,323, respectively, for the ECB television network's endowment and \$687,619 and \$420,818, respectively, for the ECB radio networks' endowment. These balances are included in the investments and cash and cash equivalents accounts on the Balance Sheets. Assets in the endowments follow the investment policies disclosed in Notes 1 and 2.

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Notes to the Financial Statements
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(continued)

12. Endowment (continued)

Endowment activity for the years ended June 30, 2014 is as follows (the unrestricted portion does not include Quasi-endowment funds that are held by WPRA and Friends as the breakdown attributable to WPBF is not easily determinable:

	Unrestricted	Permanently Restricted	Total
Balance, June 30, 2013	\$ 1,736,933	\$ 156,895	\$ 1,893,828
Interest and dividends – FY2014	31,744	---	31,744
Realized and unrealized gains (losses) – FY2014	219,121	---	219,121
Investment fees – FY2014	(10,084)	---	(10,084)
Balance, June 30, 2014	\$ 1,977,714	\$ 156,895	\$ 2,134,609
Interest and Dividends – FY2015	43,398	---	43,398
Realized and Unrealized gains(losses) – FY 2015	35,406	---	35,406
Contributions – FY 2015	500,000	---	250,000
Investment Fees – FY 2015	(12,283)	---	(12,283)
Balance June 30, 2015	\$ 2,544,235	\$ 156,895	\$ 2,701,130

13. Capital Contributions

ECB's capital contributions can come from various sources, including:

State of Wisconsin Capital Improvement Fund Appropriation – The amounts provided from the State of Wisconsin Capital Improvement Fund to finance ECB projects approved by the State Building Commission are recorded as revenue in the period disbursements are made.

Grants – Federal grant funds received from the U.S. Department of Commerce to purchase capital equipment are recorded as support when the disbursements are made. Grant funds received from the Corporation for Public Broadcasting and the Public Broadcasting Service are recorded as support when received.

Donated Capital Assets – The fair value of donated capital assets is recorded as revenue in the period of acquisition.

14. Contributed In-Kind Support

Contributed in-kind support primarily includes donated general operational services, and donated promotions materials, which are traded for underwriting credit. In-kind support is reported both as revenues and as expenses and, therefore, has no effect on net position. All donated materials and services are recorded at the fee typically charged by the donor for the same type of service.

In addition, ECB trades tower space with other state and local government entities at no cost depending on space availability and technological considerations. ECB does not recognize contributed in-kind support for the use of the tower space because the value is not easily measurable.

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(continued)

15. Postemployment Benefits Other Than Pensions

In accordance with the provisions of GASB Statement Number 45, state and local governmental employers are required to display in financial reports other postemployment benefits (OPEB) expenses and related liabilities; note disclosures; and, if applicable, required supplementary information. The employees of ECB are employees of the State. ECB's financial statements do not include OPEB expenses or the related liabilities other than those actually paid, which are allocated to various functional expenses on the Statements of Revenues, Expenses, and Changes in Fund Net Position.

Health Insurance—The State's Health Insurance Program, a cost-sharing, multiple-employer, defined benefit plan not held in trust, is an employer-sponsored program offering group medical coverage to eligible employees and retirees of the State created under ch. 40, Wis. Stats. The Department of Employee Trust Funds and the Group Insurance Board have program administration and oversight responsibilities under ss. 15.165(2) and 40.03(6), Wis. Stats. Under this plan, retired employees of the State contribute the same healthcare premium as active employees, creating an implicit rate subsidy for retirees. This implicit rate subsidy, which is calculated to cover pre-age 65 retirees (since at age 65 retirees are required to enroll in Medicare when eligible), is treated as an OPEB.

The State's net OPEB obligation was \$502.6 million as of June 30, 2015 and \$473.9 million as of June 30, 2014. The estimated portion of this obligation related to ECB employees was \$415,826 as of June 30, 2015 and \$385,190 as of June 30, 2014. This obligation is included in the State's CAFR but is not included in ECB's financial statements.

The State's CAFR includes financial statements, additional note disclosures, and required supplementary information for this plan. That report is publicly available at www.doa.wi.gov or may be obtained upon request from the State Controller's Office, Department of Administration, 101 East Wilson Street, Madison, WI 53703.

Life Insurance—The State's Life Insurance Program, a cost-sharing, multiple-employer, defined benefit plan held in trust, provides post-employment coverage to all eligible employees. The plan is administered under s. 40.70, Wis. Stats. Beginning at age 65, retirees and terminating members continue to receive, at no cost to them, basic life insurance coverage. Retirees and terminating members under age 65 must continue to pay the employee premium to maintain coverage. The relative portion of the State's contributions to the Life Insurance OPEB plan attributable to ECB is not readily available.

The Department of Employee Trust Funds issues a publicly available financial report that includes financial statements, additional note disclosures, and required supplementary information for the Life Insurance OPEB plan. That report is available at www.etf.wi.gov.

The State's CAFR also includes additional employer note disclosures for the plan.

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(continued)

16. Related Entities

WHA Television and Wisconsin Public Radio—University of Wisconsin Board of Regents Stations

WHA Television, WHA Radio, and some other Wisconsin Public Radio stations are public telecommunications entities licensed by the Federal Communications Commission to the University of Wisconsin Board of Regents stations (UW Board of Regents) and operated by UW-Extension. In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the UW Board of Regents developed partnerships called Wisconsin Public Television and Wisconsin Public Radio to manage and operate their licenses. The partnerships are maintained through affiliation agreements outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Radio and Wisconsin Public Television), and financial commitments of the partners. The directors of Wisconsin Public Television and Wisconsin Public Radio are jointly appointed by ECB and the UW Board of Regents. Staff and resources from both agencies work together to provide administrative and program services. Amounts due to or from affiliated parties are separately disclosed on the Balance Sheets. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements.

Friends of Wisconsin Public Television, Inc.

Effective July 1, 2009, the Friends of WHA-TV, Inc., changed its name to Friends of Wisconsin Public Television, Inc., and assumed responsibility for the fund-raising efforts of both the former Friends of WHA-TV and the WPBF to support Wisconsin Public Television. Amended Articles of Incorporation to reflect the change in name and responsibilities were filed on July 15, 2009. The Friends solicits funds in the name of and with the approval of the licensees, ECB and the UW Board of Regents. Under the affiliation agreement, ECB and UW staff, along with the Friends Board of Directors, approve the Friends' budget. The licensees have access to the Friends' net resources and retain an ongoing, legal allocated interest in the Friends' net position. ECB's and the UW Board of Regents' allocated interests in the Friends are calculated in accordance with an affiliation agreement, which is renegotiated annually. The agreement generally provides each party with a 50 percent interest, although not all activity is allocated based on this interest.

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Notes to the Financial Statements
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(continued)

16. Related Entities (continued)

Friends of Wisconsin Public Television, Inc. (continued)

ECB includes in the WPBF fund its allocated share of the Friends' assets, liabilities, revenues, and expenses. A summary of amounts related to the Friends included in the accompanying financial statements for the fiscal years ended June 30, 2015 and 2014 follows:

	June 30, 2015	June 30, 2014
Cash and investments	\$ 1,569,192	\$ 1,041,349
Other assets	109,523	100,324
Total Assets	1,678,715	1,141,673
Total Liabilities	(312,153)	(177,559)
Net Position	\$ 1,366,562	\$ 964,114

	June 30, 2015	June 30, 2014
Contributed support and other revenue	\$ 3,933,438	\$ 3,534,241
Expenses:		
Programming and production	\$ 416,422	\$ 410,916
Program information	131,619	95,958
Management and general	71,091	57,052
Fund-raising	1,533,959	1,337,775
Total Expenses	\$ 2,153,091	\$ 1,901,701

	June 30, 2015	June 30, 2014
Cash flows from operating activities	\$ 1,904,378	\$ 1,672,574
Cash flows from noncapital financing activities	(1,402,598)	(1,362,642)
Cash flows from investing activities	(19,969)	(274,374)
Net increase in cash and cash equivalents	481,811	35,558
Beginning cash and cash equivalents	180,924	145,366
Ending cash and cash equivalents	\$ 662,735	\$ 180,924

The Friends issues separate financial statements, which are audited by other auditors. Copies of the Friends' separately issued financial statements may be obtained by contacting the Financial Manager of the Friends of Wisconsin Public Television, Inc., at 821 University Avenue, Madison, WI 53706.

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Notes to the Financial Statements
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(continued)

16. Related Entities (continued)

Wisconsin Public Radio Association, Inc.

WPRA is a publicly supported, not-for-profit corporation whose purpose is to administer various fund-raising and membership duties of Wisconsin Public Radio and to provide support to the ECB radio networks and radio stations licensed to the UW Board of Regents affiliated with Wisconsin Public Radio. WPRA solicits funds in the name of and with the approval of the licensees, ECB and the UW Board of Regents. Under the affiliation agreement, ECB and UW staff, along with the WPRA Board of Directors, approve the WPRA's budget. The licensees have access to the WPRA's net resources and retain an ongoing, legal allocated interest in the WPRA's net position. ECB's and the UW Board of Regents' allocated interests in WPRA are calculated in accordance with an affiliation agreement which currently provides ECB with 76 percent of WPRA net resources and the UW Board of Regents with 24 percent. This agreement is renegotiated annually.

ECB includes in the WPBF fund its allocated share of WPRA assets, liabilities, revenues, and expenses. A summary of amounts related to WPRA included in the accompanying financial statements for the fiscal years ended June 30, 2015 and 2014 follows:

	June 30, 2015	June 30, 2014
Cash and investments	\$ 2,649,457	\$ 2,081,358
Other assets	84,211	96,568
Total Assets	2,733,668	2,177,926
Total Liabilities	(83,224)	(35,826)
Net Position	\$ 2,650,444	\$ 2,142,100

	June 30, 2015	June 30, 2014
Contributed support and other revenue	\$ 5,944,726	\$ 6,431,411
Expenses:		
Broadcasting	\$ 98,592	\$ 5,333
Programming and production	46,501	47,577
Program information	20,976	17,080
Management and general	99,323	97,400
Fund-raising	604,030	624,177
Total Expenses	\$ 869,422	\$ 791,567

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(continued)

16. Related Entities (continued)

Wisconsin Public Radio Association, Inc. (continued)

	June 30, 2015	June 30, 2014
Cash flows from operating activities	\$ 5,126,559	\$ 5,547,998
Cash flows from noncapital financing activities	(4,586,420)	(4,640,522)
Cash flows from investing activities	(167,950)	(884,696)
Net increase (decrease) in cash and cash equivalents	372,189	22,780
Beginning cash and cash equivalents	341,718	318,938
Ending cash and cash equivalents	\$ 713,907	\$ 341,718

WPRA issues separate financial statements, which are audited by other auditors. Copies of WPRA's separately issued financial statements may be obtained by contacting the Financial Manager of the Wisconsin Public Radio Association, Inc., at 821 University Avenue, Madison, WI 53706.

Rib Mountain Communications

ECB entered into a joint ownership agreement on November 1, 2001, to erect, operate, and maintain a broadcast tower in Wausau, Wisconsin. The agreement is between ECB, WRIG, Inc., QNI, and Gray MidAmerica Television, Inc. The shares of ownership are 33 percent, 23 percent, 20 percent, and 24 percent, respectively. Each party contributes a share of the operating costs on an annual basis. An annual budget is prepared for the joint ownership to determine respective amounts of maintenance due from each party. ECB's share of activity for the joint ownership is incorporated into its financial statements.

17. WERN, WHAD, and Wisconsin Television Allocation

ECB has three networks that qualify for Community Service Grant assistance from the Corporation for Public Broadcasting, including WERN-FM and its affiliated Music Network stations, WHAD-FM and affiliated Ideas Network stations, and the Wisconsin Television Network stations. The stations are licensed to ECB, and the stations' financial activities are included as part of ECB's financial statements. The following tables summarize the portions of the Statements of Revenues, Expenses, and Changes in Fund Net Position attributable to each network for fiscal years 2015 and 2014. Direct revenues and expenses are allocated based on actual amounts. The remaining revenues and expenses are allocated to the networks based on reasonable estimates.

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(continued)

17. WERN, WHAD, and Wisconsin Television Allocation (continued)

Fiscal Year 2015	WERN-FM and Affiliates	WHAD-FM and Affiliates	Wisconsin Television Network	ECB Total
Operating Revenues				
Contributed Support	\$ 1,892,309	\$ 2,728,231	\$ 2,786,575	\$ 7,407,115
Corporation for Public Broadcasting Grants	407,902	413,782	1,226,535	2,048,219
Underwriting Grants	710,546	567,295	127,286	1,405,127
Major Gifts	598,534	807,717	755,641	2,161,892
Contributed In-Kind Support	331,650	23,083	36,976	391,709
Other Income	677,347	677,347	971,157	2,325,851
Total Operating Revenues	4,618,288	5,217,455	5,904,170	15,739,913
Operating Expenses				
Program Services:				
Programming and Production	3,001,704	2,898,561	3,296,919	9,197,184
Broadcasting	1,707,500	3,415,476	3,223,456	8,346,432
Program Information	12,984	10,966	387,232	411,182
Total Program Services	4,722,188	6,325,003	6,907,607	17,954,798
Support Services:				
Management and General Fund-raising and Membership Development	470,845	616,779	627,130	1,714,754
Underwriting	---	---	102,550	102,550
Total Support Services	746,472	1,014,165	2,298,523	4,059,160
Total Operating Expenses	5,468,660	7,339,168	9,206,130	22,013,958
Operating Loss	(850,372)	(2,121,713)	(3,301,960)	(6,274,045)
Nonoperating Revenues (Expenses)				
State General Fund Revenue	1,961,388	2,569,873	2,593,844	7,125,105
State Insurance Funds	1,328	1,329	2,657	5,314
Capital Debt Interest Expense	(148,067)	(148,067)	(561,956)	(858,090)
Investment Income	94,184	93,704	225,839	413,727
Transfer to State General Fund	(21,375)	(21,375)	(42,750)	(85,500)
Total Nonoperating Revenues (Expenses)	1,887,458	2,495,464	2,217,634	6,600,556
Income (Loss) Before Capital Contributions and Transfers	1,037,086	373,751	(1,084,326)	326,511
Capital Contributions	97,531	97,531	159,927	354,989
Change in Net Position	\$ 1,134,617	\$ 471,282	\$ (924,399)	\$ 681,500

Wisconsin Educational Communications Board
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Notes to the Financial Statements
June 30, 2015 and 2014
(continued)

17. WERN, WHAD, and Wisconsin Television Allocation (continued)

Fiscal Year 2014	WERN-FM and Affiliates	WHAD-FM and Affiliates	Wisconsin Television Network	ECB Total
Operating Revenues				
Contributed Support Corporation for Public Broadcasting Grants	\$ 1,575,912	\$ 2,588,322	\$ 2,345,700	\$ 6,509,934
Underwriting Grants	346,374	364,302	1,082,070	1,792,746
Major Gifts	629,285	502,417	112,921	1,244,623
Contributed In-Kind Support	783,027	1,286,066	506,966	2,576,059
Other Income	346,716	18,706	30,337	395,759
Total Operating Revenues	<u>4,103,385</u>	<u>5,181,885</u>	<u>5,542,325</u>	<u>14,827,595</u>
Operating Expenses				
Program Services:				
Programming and Production Broadcasting	2,692,831	2,727,132	2,591,989	8,011,952
Program Information	1,611,643	3,134,172	3,790,244	8,536,059
Total Program Services	<u>16,617</u>	<u>14,703</u>	<u>822,907</u>	<u>854,227</u>
Support Services:				
Management and General Fund-raising and Membership Development	446,760	583,653	624,461	1,654,874
Underwriting	260,684	428,156	1,399,050	2,087,890
Total Support Services	<u>2,760</u>	<u>2,204</u>	<u>181,208</u>	<u>186,172</u>
Total Operating Expenses	<u>710,204</u>	<u>1,014,013</u>	<u>2,204,719</u>	<u>3,928,936</u>
Operating Loss	5,031,295	6,890,020	9,409,859	21,331,174
Nonoperating Revenues (Expenses)				
State General Fund Revenue	1,889,383	2,467,480	3,485,040	7,841,903
Capital Debt Interest Expense	(284,468)	(195,881)	(391,762)	(872,111)
Investment Income	307,487	308,941	616,737	1,233,165
Settlement Proceeds	---	15,559	---	15,559
Transfer to State General Fund	(21,375)	(21,375)	(42,750)	(85,500)
Total Nonoperating Revenues	<u>1,891,027</u>	<u>2,574,724</u>	<u>3,667,265</u>	<u>8,133,016</u>
Income (Loss) Before Capital Contributions and Transfers	963,117	866,589	(200,269)	1,629,437
Capital Contributions	<u>346,520</u>	<u>238,610</u>	<u>477,220</u>	<u>1,062,350</u>
Change in Net Position	<u>\$ 1,309,637</u>	<u>\$ 1,105,199</u>	<u>\$ 276,951</u>	<u>\$ 2,691,787</u>

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(continued)

18. Settlement Proceeds

A settlement agreement was finalized in April 2011 in which Allstate Tower, Inc. (Allstate) agreed to pay ECB \$120,000 for the full settlement of claims that Allstate failed to provide contractually required goods and performed services negligently. The remaining outstanding balance of the settlement as of June 30, 2014, \$15,559, was paid in full during fiscal year 2014.

19. Adjustment due to Change in Accounting Principle

An adjustment of \$1,028,472 has been made to increase the June 30, 2014 net position. The adjustment was a result of implementing GASB#68. The adjustment was to establish beginning balances for the net pension asset and deferred outflows related to pensions for the WRS multi-employer defined benefit plan. The corresponding entry was as follows:

Net pension asset	\$ 897,332
Deferred outflows related to pensions	<u>131,140</u>
	<u>\$ 1,028,472</u>

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Schedule of Proportionate Share of the Net Pension Asset

Year Ended June 30, 2015

Wisconsin Retirement System

Last 10 Fiscal Years*

	<u>2015</u>
ECBs proportion of the net pension asset	0.0225%
ECB's proportionate share of the net pension asset	\$ 552,192
ECB's covered-employee payroll	3,063,769
Net pension assets as a percentage of covered payroll	18.02%
Plan fiduciary net position as a percentage of total pension asset	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

Schedule of Contributions

Year Ended June 30, 2015

Wisconsin Retirement System

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contributions	\$ 218,383
Contributions in relation to the contractually required contributions	218,383
Contribution deficiency (excess)	---
ECB's covered-employee payroll	3,063,769
Contributions as a percentage of covered-employee payroll	7.13%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

See Independent Auditors' Report and Accompanying Note to Required Supplementary Information.

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Notes to Required Supplemental Information
June 30, 2015

Wisconsin Retirement System

There were no changes of benefit terms for any participating employer in WRS. There were no changes in the assumptions.