

# **Wisconsin Educational Communications Board**

Financial Statements

June 30, 2021 and 2020

# Wisconsin Educational Communications Board

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June 30, 2021 and 2020

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## **Independent Auditors' Report**

To the Board of Directors of  
Wisconsin Educational Communications Board

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Wisconsin Educational Communications Board, an agency of the State of Wisconsin, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Wisconsin Educational Communications 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 audits. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc., the Friends of PBS Wisconsin, Inc., which represent 37 percent, 33 percent and 65 percent, respectively, of the assets, net position and revenues of the Wisconsin Public Broadcasting Foundation, Inc. and 30 percent, 28 percent and 50 percent respectively, of the assets, net position and revenues of the business-type activities as of and for the year ended June 30, 2021. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc. and the Friends of PBS Wisconsin, Inc., which represent 31 percent, 29 percent and 76 percent, respectively, of the assets, net position and revenues of the Wisconsin Public Broadcasting Foundation, Inc. and 24 percent, 23 percent and 69 percent respectively, of the assets, net position and revenues of the business-type activities as of and for the year ended June 30, 2020. Those statements were audited by other auditors whose report has 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 PBS Wisconsin, Inc., is based solely on the report of the other auditors. We conducted our audits 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 Wisconsin Educational Communications 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 Wisconsin Educational Communications 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Wisconsin Educational Communications Board as of June 30, 2021 and 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Wisconsin Educational Communications Board and do not purport to and do not present fairly the financial position of the State of Wisconsin. Our opinions are not modified with respect to this matter.

### **Other Matter**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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 and other auditors 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.

*Baker Tilly US, LLP*

Madison, Wisconsin  
January 12, 2022

# Wisconsin Educational Communications Board

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Management's Discussion And Analysis (Unaudited)

June 30, 2021 and 2020

The Management's Discussion and Analysis (MD&A) section is prepared by the Wisconsin 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 statewide public television network, consisting of 5 digital stations and 6 TV translators, each with 4 programming streams. ECB also operates a statewide public radio network with three programming streams (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, 1 AM station and 4 FM translators. Six of the FM sites are currently broadcasting a digital radio signal in addition to analog. ECB also operates a network of 28 National Weather Service broadcast sites and holds multiple Educational Broadband Service licenses. ECB partners with the University of Wisconsin (UW) Madison to operate PBS Wisconsin and Wisconsin Public Radio, which include ECB's public television and public radio networks. See Note 3 for more information on the partnership.

Following this section are financial statements and notes pertaining to ECB. The Statements of Net Position provide information on the assets, deferred outflows, liabilities and deferred inflows of ECB, with the difference between the four 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 revenues, expenses and changes in net position 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 (Unaudited)

June 30, 2021 and 2020

Condensed financial information for ECB as of and for the fiscal years ended June 30, 2021, June 30, 2020 and June 30, 2019, is as follows:

	<u>June 30, 2021</u>	<u>Change From Prior Year</u>	<u>June 20, 2020</u>	<u>Change From Prior Year</u>	<u>Restated June 30, 2019</u>
Capital and intangible assets	\$ 9,680,007	7 %	\$ 9,037,632	<1 %	\$ 8,973,236
Other assets	<u>53,939,019</u>	<u>37</u>	<u>39,302,533</u>	<u>8</u>	<u>36,492,246</u>
Total assets	<u>63,619,026</u>		<u>48,340,165</u>		<u>45,465,482</u>
Deferred outflows	<u>2,714,358</u>	<u>9</u>	<u>2,491,366</u>	<u>(3)</u>	<u>2,568,611</u>
Current liabilities	3,362,126	60	2,098,403	(17)	2,513,236
Noncurrent liabilities	<u>307,573</u>	<u>5</u>	<u>293,750</u>	<u>(67)</u>	<u>888,069</u>
Total liabilities	<u>3,669,699</u>		<u>2,392,153</u>		<u>3,401,305</u>
Deferred inflows	<u>3,803,118</u>	<u>18</u>	<u>3,218,883</u>	<u>51</u>	<u>2,131,434</u>
Net investment in capital assets	9,680,007	7	9,036,813	<1	8,960,631
Restricted by grants or donors	977,079	26	772,879	11	696,503
Restricted, WRS pension balance	1,134,238	105	553,656	100	-
Unrestricted	<u>47,069,243</u>	<u>35</u>	<u>34,857,147</u>	<u>6</u>	<u>32,844,220</u>
Total net position	<u>\$ 58,860,567</u>		<u>\$ 45,220,495</u>		<u>\$ 42,501,354</u>
	<u>June 30, 2021</u>	<u>Change From Prior Year</u>	<u>June 20, 2020</u>	<u>Change From Prior Year</u>	<u>Restated June 30, 2019</u>
Operating revenues	\$ 21,814,022	7 %	\$ 20,415,647	7 %	\$ 19,062,013
Operating expenses	<u>23,368,912</u>	<u>(9)</u>	<u>25,782,785</u>	<u>4</u>	<u>24,860,995</u>
Net operating loss	(1,554,890)		(5,367,138)		(5,798,982)
Nonoperating revenues (expenses)	13,069,273	102	6,465,268	(11)	7,279,002
Capital contributions and transfers	<u>2,125,689</u>	<u>31</u>	<u>1,621,011</u>	<u>25</u>	<u>1,297,908</u>
Changes in net position	<u>\$ 13,640,072</u>		<u>\$ 2,719,141</u>		<u>\$ 2,777,928</u>

## Wisconsin Educational Communications Board

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Management's Discussion And Analysis (Unaudited)

June 30, 2021 and 2020

State of Wisconsin General Fund Revenues, which are a significant source of funding for ECB's 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.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally and the pandemic continues. The full impact of the COVID-19 outbreak has evolved throughout the last two years. Pandemic impacts seen by ECB include: payments from the Corporation for Public Broadcasting (CPB) in FY 2021 of \$990,000 and of \$350,000 in FY 2020. ECB has also received funding through the coronavirus relief package via Wisconsin's Department of Administration. In FY 2020, ECB received \$32,000 and in FY 2021, ECB received \$130,000 in additional funds to offset extra pandemic related costs for appropriate social distancing, telecommuting and personal protective equipment.

ECB's Capital Assets are presented at historical cost less depreciation. Capital Assets, which include Intangible Assets, increased by 7 percent during FY 2021, or about \$650,000. Purchases of new Capital Assets totaled \$2.25 million, while depreciation and disposals totaled \$1.6 million for the fiscal year. Capital Assets increased by less than 1 percent during FY 2020, or about \$60,000. Purchases of new Capital Assets totaled \$1.75 million, while depreciation and disposals totaled \$1.69 million for the fiscal year.

Other Assets increased by 37 percent or \$14.6 million in FY 2021. A \$9.1 million increase in Investments and \$4.9 million increase in Cash plus a \$600,000 increase in Net Pension Asset made up the overall increase in Other Assets. These increases were caused primarily because of investment market performance during the fiscal year along with higher than expected revenues and reduced expenses due to the pandemic. In FY 2020, Other Assets increased by 8 percent or \$2.8 million. A \$4.8 million increase in investments plus a \$550,000 increase in Net Pension Asset was offset by a \$2.5 million decrease in Cash and a \$50,000 decrease in Receivables and Prepaid Expenses.

Current Liabilities increased by 60 percent or \$1.26 million during FY 2021 primarily because of partnership payables due to UW Madison through ECB's share of the Friends of PBS Wisconsin's financial statements. See Note 1 for information on ECB's presentation of the Friends financial statements. These partnership or affiliate payables increased by \$1.0 million during the fiscal year due to allocation of the Friends net assets. Other accounts payable balances increased by \$200,000 in FY 21 and Unearned Revenue increased by \$60,000 making up the difference in overall Current Liabilities. Current liabilities decreased by 17 percent or \$410,000 during FY 2020 because of small decreases in several Current Liabilities accounts. The most significant change was in Unearned Revenue with a \$260,000 decrease. \$200,000 of this amount occurred since Friends events were cancelled because of the COVID-19 pandemic. The other \$60,000 decrease in Unearned Revenue in FY 2020 was related to the timing of a lease payment. The remaining \$150,000 decrease in Current Liabilities included a \$170,000 decrease in Accounts Payable and Due to Affiliates, based on timing of payments, a \$30,000 decrease in Capital Debt Interest Expense Payable and a \$10,000 decrease in Current Bonds Payable based on reduced debt. These decreases were offset by a \$40,000 increase in Wages and Compensated Absences Payable. The decrease in Bonds Payable is significant as ECB paid off the remaining balance of its Program Revenue Debt during FY 2021.

## Wisconsin Educational Communications Board

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Management's Discussion And Analysis (Unaudited)

June 30, 2021 and 2020

Noncurrent Liabilities increased by 5 percent or \$15,000 in FY 2021 because of long-term compensated absences accumulated by ECB employees. In FY 2020, Noncurrent Liabilities decreased by \$600,000 because of changes in the Net Pension Liability. The Net Pension Liability or Asset changes because of changes made in actuarial assumptions and fluctuating investment returns. The State of Wisconsin's Employee Trust Funds (ETF) hires actuaries to calculate the pension amounts.

Deferred Outflows increased by 9 percent in FY 2021 and decreased by 3 percent in FY 2020 because of changes in the calculated Pension Liabilities or Assets and payments ECB makes to the Wisconsin Retirement System (WRS) for employee pensions. These amounts represent ECB's share of the overall WRS balances and are determined by actuaries hired by ETF. Changes to actuarial assumptions along with changes in market conditions can have significant impacts to the calculations of Deferred Outflows and Inflows. As a result, Deferred Inflows increased 18 percent and 51 percent respectively during FY 2021 and FY 2020. ECB anticipates that these amounts will continue to vary year-to-year. Restricted Net Position related to WRS Pension Balance increased in both FY 2021 and FY 2020 because of the changes to Net Pension Assets for each year. In contrast, Restricted Net Position related to WRS Pension Balance was \$0 in FY 2019 because ECB reported a Net Pension Liability for the year. Each year, the Restricted Net Position related to WRS Pension Balance is equal to the Net Pension Asset.

Operating Revenues increased 7 percent in FY 2021 and in FY 2020 because of increased Contributed Support, Major Gifts and CPB Grants. In particular, Contributed Support increased by \$900,000 and \$650,000 in FY 2021 and 2020, respectively and Major Gifts increased by \$270,000 and \$380,000 in FY 2021 and 2020, respectively. ECB also received additional CPB revenue from coronavirus relief funding. This funding provided an additional \$990,000 in FY 2021 and \$350,000 in FY 2020.

Operating Expenses decreased by 9 percent or \$2.4 million in FY 2021. \$1.5 million of the decrease was related to Programming and Production Expenses that resulted from a change in funding flow between ECB and its partners at UW Madison. \$560,000 of the decrease is attributed to reduced Programming and Production Expenses at Friends. Fundraising Expenses decreased by \$410,000 during FY 2021 as well primarily because events were held virtually rather than in person. A \$90,000 decrease to Program Information Expenses was offset by slight increases in Broadcasting and Management and General Expenses in FY 2021. Operating Expenses increased in FY 2020 by 4 percent or \$920,000 primarily because of an \$870,000 increase in Programming and Production Expenses. Of that, \$185,000 related to increases in national programming costs; \$334,000 related to increases in local programming costs and \$390,000 related to increase in Programming and Production Expenses incurred by ECB's component units. The remaining \$50,000 was related to small increases in other expense categories.

Nonoperating Revenues and Expenses 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 (GPR revenue). In FY 2021, Nonoperating Revenues and Expenses increased by 102 percent or \$6.6 million. An increase in Investment Income over FY 2020 made up \$6.3 million of this increase, which was the result of favorable market returns. In addition, the Loss on Disposal of Capital Assets and Capital Debt Interest Expense decreased by \$250,000 which caused an increase to the overall balance in Nonoperating Revenues and Expenses. A \$100,000 increase in revenue from the coronavirus relief package was offset by a \$40,000 decrease in GPR Revenue made up the remaining increase. In FY 2020, Nonoperating Revenues and Expenses decreased by 11 percent or \$815,000. Of this, \$460,000 was related to a decrease in GPR revenue for utilities and debt service and \$340,000 was a decrease in Investment Income from the prior year. In addition, Loss on Disposal of Capital Assets increased and Capital Debt Interest Expense decreased, causing a net decrease to Nonoperating Revenues and Expenses of \$60,000. These decreases were offset by Insurance Proceeds of \$11,000 and revenue from the coronavirus relief package of \$32,000.

## Wisconsin Educational Communications Board

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Management's Discussion And Analysis (Unaudited)

June 30, 2021 and 2020

Capital Contributions increased 31 percent or \$500,000 FY 2021. Although the number of open projects in FY 2021 decreased to 27, there were 5 high-dollar projects in FY 2021. These projects involved power increases at two of ECB's television stations and new transmitters at three of ECB's television stations. This change is consistent with the \$500,000 increase in purchases of capital assets in FY 2021 over FY 2020. Capital Contributions increased 25 percent or \$325,000 in FY 2020. ECB had 30 open capital projects during FY 2020 compared to 23 in FY 2019. In particular, three FY 2020 projects were higher dollar projects relating to new generators at two transmitter sites and replacing interconnect equipment across the state.

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 [marta.bechtol@ecb.org](mailto:marta.bechtol@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](http://www.ecb.org).

**Wisconsin Educational Communications Board**

 Statement of Net Position  
 June 30, 2021

	Operating Fund	Wisconsin Public Broadcasting Foundation, Inc.	Total
<b>Assets</b>			
Current assets:			
Cash and equivalents	\$ 852,566	\$ 11,649,204	\$ 12,501,770
Investments	-	737,720	737,720
Pledges receivable	-	174,843	174,843
Other receivables	654,511	39,548	694,059
Net pension asset	1,134,238	-	1,134,238
Prepaid expenses	169,813	77,689	247,502
Inventory	-	9,916	9,916
Total current assets	<u>2,811,128</u>	<u>12,688,920</u>	<u>15,500,048</u>
Noncurrent assets:			
Investments	-	38,438,971	38,438,971
Land	158,743	-	158,743
Buildings, net of accumulated depreciation	1,446,091	-	1,446,091
Equipment, net of accumulated depreciation	7,600,449	-	7,600,449
Intangible assets, net of accumulated amortization	103,751	370,973	474,724
Total noncurrent assets	<u>9,309,034</u>	<u>38,809,944</u>	<u>48,118,978</u>
Total assets	<u>12,120,162</u>	<u>51,498,864</u>	<u>63,619,026</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	2,714,358	-	2,714,358
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	378,120	71,990	450,110
Due to affiliates	113,780	2,184,824	2,298,604
Wages payable	290,198	-	290,198
Compensated absences payable	134,307	-	134,307
Capital debt interest expense payable	95,515	-	95,515
Deferred revenue	67,397	25,995	93,392
Total current liabilities	<u>1,079,317</u>	<u>2,282,809</u>	<u>3,362,126</u>
Noncurrent liabilities:			
Compensated absences payable	307,573	-	307,573
Total noncurrent liabilities	<u>307,573</u>	<u>-</u>	<u>307,573</u>
Total liabilities	<u>1,386,890</u>	<u>2,282,809</u>	<u>3,669,699</u>
<b>Deferred Inflows of Resources</b>			
Pension related amounts	3,314,095	-	3,314,095
Beneficial interest in trust	-	489,023	489,023
Total deferred inflows of resources	<u>3,314,095</u>	<u>489,023</u>	<u>3,803,118</u>
<b>Net Position</b>			
Net investment in capital assets	9,309,034	370,973	9,680,007
Restricted by grants or donors	87,516	322,675	410,191
Restricted, nonexpendable	-	566,888	566,888
Restricted, pension	1,134,238	-	1,134,238
Unrestricted	(397,253)	47,466,496	47,069,243
Total net position	<u>\$ 10,133,535</u>	<u>\$ 48,727,032</u>	<u>\$ 58,860,567</u>

See notes to financial statements

**Wisconsin Educational Communications Board**

 Statement of Net Position  
 June 30, 2020

	Operating Fund	Wisconsin Public Broadcasting Foundation, Inc.	Total
<b>Assets</b>			
Current assets:			
Cash and equivalents	\$ 1,099,175	\$ 6,497,810	\$ 7,596,985
Investments	-	720,332	720,332
Pledges receivable	-	331,622	331,622
Affiliates receivable	33,290	-	33,290
Other receivables	385,088	35,103	420,191
Net pension asset	553,656	-	553,656
Prepaid expenses	160,574	83,246	243,820
Inventory	-	9,433	9,433
Total current assets	<u>2,231,783</u>	<u>7,677,546</u>	<u>9,909,329</u>
Noncurrent assets:			
Investments	-	29,372,906	29,372,906
Noncurrent receivables	-	20,298	20,298
Land	158,743	-	158,743
Buildings, net of accumulated depreciation	1,758,435	-	1,758,435
Equipment, net of accumulated depreciation	6,528,296	-	6,528,296
Intangible assets, net of accumulated amortization	111,434	480,724	592,158
Total noncurrent assets	<u>8,556,908</u>	<u>29,873,928</u>	<u>38,430,836</u>
Total assets	<u>10,788,691</u>	<u>37,551,474</u>	<u>48,340,165</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	<u>2,491,366</u>	-	<u>2,491,366</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	147,273	107,930	255,203
Due to affiliates	135,009	1,138,892	1,273,901
Wages payable	289,919	-	289,919
Compensated absences payable	144,283	-	144,283
Capital debt interest expense payable	100,353	-	100,353
Deferred revenue	-	33,925	33,925
Bonds payable	819	-	819
Total current liabilities	<u>817,656</u>	<u>1,280,747</u>	<u>2,098,403</u>
Noncurrent liabilities:			
Compensated absences payable	<u>293,750</u>	-	<u>293,750</u>
Total noncurrent liabilities	<u>293,750</u>	-	<u>293,750</u>
Total liabilities	<u>1,111,406</u>	<u>1,280,747</u>	<u>2,392,153</u>
<b>Deferred Inflows of Resources</b>			
Pension related amounts	2,835,974	-	2,835,974
Beneficial interest in trust	-	382,909	382,909
Total deferred inflows of resources	<u>2,835,974</u>	<u>382,909</u>	<u>3,218,883</u>
<b>Net Position</b>			
Net investment in capital assets	8,556,089	480,724	9,036,813
Restricted by grants or donors	152,477	53,896	206,373
Restricted, nonexpendable	-	566,506	566,506
Restricted, pension	553,656	-	553,656
Unrestricted	70,455	34,786,692	34,857,147
Total net position	<u>\$ 9,332,677</u>	<u>\$ 35,887,818</u>	<u>\$ 45,220,495</u>

See notes to financial statements

**Wisconsin Educational Communications Board**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2021

	<b>Operating Fund</b>	<b>Wisconsin Public Broadcasting Foundation, Inc.</b>	<b>Total</b>
<b>Operating Revenues</b>			
Contributed support	\$ -	\$ 11,002,979	\$ 11,002,979
Corporation for Public Broadcasting grants	-	3,083,395	3,083,395
Underwriting grants	-	1,468,691	1,468,691
Major gifts	-	4,130,176	4,130,176
Contributed in-kind support	333,257	-	333,257
Other income	1,613,574	181,950	1,795,524
	<u>1,946,831</u>	<u>19,867,191</u>	<u>21,814,022</u>
Total operating revenues	1,946,831	19,867,191	21,814,022
<b>Operating Expenses</b>			
Program services:			
Programming and production	8,075,857	1,179,604	9,255,461
Broadcasting	8,829,167	-	8,829,167
Program information	31,855	280,115	311,970
	<u>16,936,879</u>	<u>1,459,719</u>	<u>18,396,598</u>
Total program services expenses	16,936,879	1,459,719	18,396,598
Supporting services:			
Management and general	1,155,510	431,544	1,587,054
Fundraising and membership development	-	3,123,366	3,123,366
Underwriting	238,070	23,824	261,894
	<u>1,393,580</u>	<u>3,578,734</u>	<u>4,972,314</u>
Total supporting services expenses	1,393,580	3,578,734	4,972,314
Total operating expenses	<u>18,330,459</u>	<u>5,038,453</u>	<u>23,368,912</u>
Operating income (loss)	<u>(16,383,628)</u>	<u>14,828,738</u>	<u>(1,554,890)</u>
<b>Nonoperating Revenues (Expenses)</b>			
State general fund revenue for operations	6,078,617	-	6,078,617
Loss on disposal of capital assets	(22,486)	-	(22,486)
Capital debt interest expense	(558,582)	-	(558,582)
Investment income	-	7,433,908	7,433,908
Grant revenue	129,760	-	129,760
Insurance proceeds	8,056	-	8,056
	<u>5,635,365</u>	<u>7,433,908</u>	<u>13,069,273</u>
Total nonoperating revenues (expenses)	5,635,365	7,433,908	13,069,273
Income (loss) before contributions and transfers	<u>(10,748,263)</u>	<u>22,262,646</u>	<u>11,514,383</u>
<b>Capital Contributions and Transfers</b>			
Capital contributions	2,125,689	-	2,125,689
Interfund transfer	9,423,432	(9,423,432)	-
	<u>11,549,121</u>	<u>(9,423,432)</u>	<u>2,125,689</u>
Total contributions and transfers	11,549,121	(9,423,432)	2,125,689
Change in net position	800,858	12,839,214	13,640,072
<b>Net Position, Beginning</b>	<u>9,332,677</u>	<u>35,887,818</u>	<u>45,220,495</u>
<b>Net Position, Ending</b>	<u>\$ 10,133,535</u>	<u>\$ 48,727,032</u>	<u>\$ 58,860,567</u>

See notes to financial statements

**Wisconsin Educational Communications Board**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2020

	<b>Operating Fund</b>	<b>Wisconsin Public Broadcasting Foundation, Inc.</b>	<b>Total</b>
<b>Operating Revenues</b>			
Contributed support	\$ -	\$ 9,898,316	\$ 9,898,316
Corporation for Public Broadcasting grants	-	2,407,856	2,407,856
Underwriting grants	-	1,646,540	1,646,540
Major gifts	-	3,863,897	3,863,897
Contributed in-kind support	366,733	-	366,733
Other income	1,648,687	583,618	2,232,305
	<u>2,015,420</u>	<u>18,400,227</u>	<u>20,415,647</u>
<b>Operating Expenses</b>			
Program services:			
Programming and production	9,506,725	1,740,020	11,246,745
Broadcasting	8,791,204	-	8,791,204
Program information	35,064	366,847	401,911
	<u>18,332,993</u>	<u>2,106,867</u>	<u>20,439,860</u>
Supporting services:			
Management and general	1,145,421	401,259	1,546,680
Fundraising and membership development	-	3,574,292	3,574,292
Underwriting	208,994	12,959	221,953
	<u>1,354,415</u>	<u>3,988,510</u>	<u>5,342,925</u>
	<u>19,687,408</u>	<u>6,095,377</u>	<u>25,782,785</u>
Operating income (loss)	<u>(17,671,988)</u>	<u>12,304,850</u>	<u>(5,367,138)</u>
<b>Nonoperating Revenues (Expenses)</b>			
State general fund revenue for operations	6,119,930	-	6,119,930
Loss on disposal of capital assets	(268,216)	-	(268,216)
Capital debt interest expense	(567,134)	-	(567,134)
Investment income	-	1,138,382	1,138,382
Grant revenue	31,588	-	31,588
Insurance proceeds	10,718	-	10,718
	<u>5,326,886</u>	<u>1,138,382</u>	<u>6,465,268</u>
Income (loss) before contributions and transfers	<u>(12,345,102)</u>	<u>13,443,232</u>	<u>1,098,130</u>
<b>Capital Contributions and Transfers</b>			
Capital contributions	1,621,011	-	1,621,011
Interfund transfer	11,032,500	(11,032,500)	-
	<u>12,653,511</u>	<u>(11,032,500)</u>	<u>1,621,011</u>
Change in net position	308,409	2,410,732	2,719,141
<b>Net Position, Beginning</b>	<u>9,024,268</u>	<u>33,477,086</u>	<u>42,501,354</u>
<b>Net Position, Ending</b>	<u>\$ 9,332,677</u>	<u>\$ 35,887,818</u>	<u>\$ 45,220,495</u>

See notes to financial statements

**Wisconsin Educational Communications Board**Statement of Cash Flows  
Year Ended June 30, 2021

	<b>Operating Fund</b>	<b>Wisconsin Public Broadcasting Foundation, Inc.</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Contributed support	\$ -	\$ 16,778,925	\$ 16,778,925
Receipts from other income	1,570,293	3,252,969	4,823,262
Payments to suppliers	(12,187,883)	(3,912,439)	(16,100,322)
Payments to employees	(4,450,398)	-	(4,450,398)
	<u>(15,067,988)</u>	<u>16,119,455</u>	<u>1,051,467</u>
<b>Net cash flows from operating activities</b>			
	(15,067,988)	16,119,455	1,051,467
<b>Cash Flows From Noncapital Financing Activities</b>			
Receipts from state government	6,082,845	-	6,082,845
Interfund transfers	9,423,432	(9,423,432)	-
	<u>15,506,277</u>	<u>(9,423,432)</u>	<u>6,082,845</u>
<b>Net cash flows from noncapital financing activities</b>			
	15,506,277	(9,423,432)	6,082,845
<b>Cash Flows From Investing Activities</b>			
Net purchases, sales, and maturities of investments	-	(2,186,800)	(2,186,800)
Interest and dividends	-	643,369	643,369
	<u>-</u>	<u>643,369</u>	<u>643,369</u>
<b>Net cash flows from investing activities</b>			
	-	(1,543,431)	(1,543,431)
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	2,133,821	-	2,133,821
Purchases of capital assets	(2,254,480)	(1,198)	(2,255,678)
Principal paid on capital debt	(819)	-	(819)
Interest paid on capital debt	(563,420)	-	(563,420)
	<u>(684,898)</u>	<u>(1,198)</u>	<u>(686,096)</u>
<b>Net cash flows from capital and related financing activities</b>			
	(684,898)	(1,198)	(686,096)
<b>Net change in cash and cash equivalents</b>			
	(246,609)	5,151,394	4,904,785
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,099,175</u>	<u>6,497,810</u>	<u>7,596,985</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 852,566</u>	<u>\$ 11,649,204</u>	<u>\$ 12,501,770</u>

See notes to financial statements

## Wisconsin Educational Communications Board

Statement of Cash Flows  
Year Ended June 30, 2021

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>			
Operating income (loss)	\$ (16,383,628)	\$ 14,828,738	\$ (1,554,890)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation and amortization expense	1,479,869	110,948	1,590,817
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources:			
Receivables, net	(110,677)	172,632	61,955
Inventories	-	(483)	(483)
Prepaid expenses	(9,239)	5,557	(3,682)
Unearned revenue	67,397	(7,930)	59,467
Accounts and other payables	(111,710)	1,009,994	898,284
Net cash flows from operating activities	<u>\$ (15,067,988)</u>	<u>\$ 16,119,456</u>	<u>\$ 1,051,468</u>
<b>Noncash Investing, Capital and Related Financing Activities</b>			
None			

See notes to financial statements

**Wisconsin Educational Communications Board**Statement of Cash Flows  
Year Ended June 30, 2020

	<b>Operating Fund</b>	<b>Wisconsin Public Broadcasting Foundation, Inc.</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Contributed support	\$ -	\$ 15,336,372	\$ 15,336,372
Receipts from other income	1,749,275	2,796,922	4,546,197
Payments to suppliers	(13,716,361)	(6,151,080)	(19,867,441)
Payments to employees	(4,193,831)	-	(4,193,831)
Net cash flows from operating activities	<u>(16,160,917)</u>	<u>11,982,214</u>	<u>(4,178,703)</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Receipts from state government	6,141,061	-	6,141,061
Interfund transfers	11,032,500	(11,032,500)	-
Net cash flows from noncapital financing activities	<u>17,173,561</u>	<u>(11,032,500)</u>	<u>6,141,061</u>
<b>Cash Flows From Investing Activities</b>			
Net purchases, sales, and maturities of investments	-	(4,341,908)	(4,341,908)
Interest and dividends	-	667,968	667,968
Net cash flows from investing activities	<u>-</u>	<u>(3,673,940)</u>	<u>(3,673,940)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	1,597,270	-	1,597,270
Purchases of capital assets	(1,512,570)	(236,894)	(1,749,464)
Principal paid on capital debt	(11,786)	-	(11,786)
Interest paid on capital debt	(594,797)	-	(594,797)
Net cash flows from capital and related financing activities	<u>(521,883)</u>	<u>(236,894)</u>	<u>(758,777)</u>
Net change in cash and cash equivalents	490,761	(2,961,120)	(2,470,359)
<b>Cash and Cash Equivalents, Beginning</b>	<u>608,414</u>	<u>9,458,930</u>	<u>10,067,344</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,099,175</u>	<u>\$ 6,497,810</u>	<u>\$ 7,596,985</u>

See notes to financial statements

## Wisconsin Educational Communications Board

Statement of Cash Flows  
Year Ended June 30, 2020

	<u>Operating Fund</u>	<u>Wisconsin Public Broadcasting Foundation, Inc.</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>			
Operating income (loss)	\$ (17,671,988)	\$ 12,304,850	\$ (5,367,138)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation and amortization expense	1,368,688	48,164	1,416,852
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources:			
Receivables, net	166,675	(73,087)	93,588
Inventories	-	(7,591)	(7,591)
Prepaid expenses	(16,315)	63,398	47,083
Unearned revenue	(66,087)	(193,847)	(259,934)
Accounts and other payables	58,110	(159,673)	(101,563)
Net cash flows from operating activities	<u>\$ (16,160,917)</u>	<u>\$ 11,982,214</u>	<u>\$ (4,178,703)</u>
<b>Noncash Investing, Capital and Related Financing Activities</b>			
None			

See notes to financial statements

# Wisconsin Educational Communications Board

Index to Notes to Financial Statements  
June 30, 2021 and 2020

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# Wisconsin Educational Communications Board

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Notes to Financial Statements

June 30, 2021 and 2020

## 1. Summary of Significant Accounting Policies

### Reporting Entity

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 statewide public television network, consisting of 5 digital stations and 6 TV translators, each with 4 programming streams. ECB also operates a statewide public radio network with three programming streams (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, 1 AM station and 4 FM translators. 6 of the FM sites are currently broadcasting a digital radio signal in addition to analog. Additionally, ECB operates a network of 28 National Weather Service broadcast sites and 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, deferred inflows, revenues and expenses of the Friends of PBS Wisconsin, 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 PBS Wisconsin 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 3 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

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## Notes to Financial Statements

June 30, 2021 and 2020

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 expected to be collected in subsequent years are recorded at the present value of their net realizable value using risk-free interest rates applicable to the years in which the contributions are to be received. 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 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 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.

### **Assets, Liabilities, Net Position, Deferred Outflows and Inflows of Resources**

#### **Cash and Cash Equivalents**

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 (Wis. Stats). The State Investment Fund is not registered with the Securities and Exchange Commission.

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 accounts and certificates of deposit at multiple financial institutions. Friends investments include money market accounts, 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 money market accounts, certificates of deposit, equity mutual funds and fixed-income mutual funds.

## Valuation of Investments

Investments, including State Investment Fund shares, are carried at fair value based on methods and inputs as outlined below and in Note 2.

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 are valued at the closing price reported on the active market on which the individual securities are traded.

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

Money market accounts and certificates of deposit are valued at \$1 cost.

Beneficial interest in trust are valued at quoted market prices of trust investments as reported by the trustee. Friends and WPRA are a combined 60 percent beneficiary of a trust and related underlying investments to be distributed upon the passing of the current income beneficiary. The beneficial interest in the trust is valued at present value using estimated inputs to calculate fair value of the Friends and WPRA proportional share of the underlying investments as reported by the trustee. This beneficial interest is considered a Level 3 measurement.

# Wisconsin Educational Communications Board

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## Notes to Financial Statements

June 30, 2021 and 2020

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 revenues, expenses and changes in net position.

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.

See Note 2 for further information.

### **Receivables**

Receivables primarily represent amounts due from various governmental departments and organizations for services performed by ECB. The ECB considers receivables to be fully collectible. Accordingly, no allowance for doubtful receivable is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

### **Prepaid and Inventory Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid items are recorded using the consumption method of accounting. Inventory is valued at cost using the first-in/first-out (FIFO) method. Costs are recorded as expenditures at the time individual inventory items are consumed.

### **Capital Assets**

Buildings and improvements, equipment and land classified as permanent property are recorded at cost or, for donated property, at the estimated acquisition value at the date of donation. 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 and software. As program rights expire and the rights are amortized, the costs incurred will be expensed and included in operating expenses. Software is amortized over the life of the associated equipment. 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**

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.

# Wisconsin Educational Communications Board

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Notes to Financial Statements  
June 30, 2021 and 2020

## Long-Term Obligations

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 Annual Comprehensive Financial Report (ACFR) rather than ECB's financial statements.

In addition to general obligations financed by general purpose revenue, two general obligation bond issues are financed through program revenues, as mandated by s. 20.225(1)(i), 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 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 net position.

## Endowments

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.

These balances are included in the investments and cash and cash equivalents accounts on the statements of net position. Assets in the endowments follow the investment policies disclosed in Note 1.

## 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:* Grant funds received from the Corporation for Public Broadcasting and the Public Broadcasting Service are recorded as support when received.

# Wisconsin Educational Communications Board

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## Notes to Financial Statements

June 30, 2021 and 2020

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

### Contribution In-Kind Support

Contributed in-kind support primarily includes donated general operational services. 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.

### 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. See Note 3.

### 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 first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

# Wisconsin Educational Communications Board

## Notes to Financial Statements

June 30, 2021 and 2020

### Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net 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 that applies to future period(s) and thus, will not be recognized as an outflow of resources (expenses) until then. ECB reports deferred outflows and inflows of resources related to the net position liability (asset). More detailed information can be found in Note 3. ECB also reports deferred inflows of resources from a beneficial interest in trust related to an irrevocable split-interest agreement.

## 2. Detailed Notes on all Funds

### Deposits and Investments

As of June 30, 2021 and 2020, ECB's deposits were \$12,501,770 and \$7,596,985, respectively.

Fair value of ECB's investment balances as of June 30, 2021 were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 1,139,329	\$ 1,139,329	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Mutual funds:				
Fixed income	13,719,183	13,719,183	-	-
Domestic equities	11,712,821	11,712,821	-	-
International equities	4,249,713	4,249,713	-	-
Equities	7,866,622	7,866,622	-	-
Beneficial interest in trust	489,023	-	-	489,023
Total	<u>\$ 39,176,691</u>	<u>\$ 38,687,668</u>	<u>\$ -</u>	<u>\$ 489,023</u>

Fair value of ECB's investment balances as of June 30, 2020 were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 1,587,875	\$ 1,587,875	\$ -	\$ -
Certificates of Deposit	284,521	284,521	-	-
Mutual funds:				
Fixed income	12,248,110	12,248,110	-	-
Domestic equities	7,405,184	7,405,184	-	-
International equities	2,639,112	2,639,112	-	-
Equities	5,545,527	5,545,527	-	-
Beneficial interest in trust	382,909	-	-	382,909
Total	<u>\$ 30,093,238</u>	<u>\$ 29,710,333</u>	<u>\$ -</u>	<u>\$ 382,909</u>

ECB's shares of the State Investment Fund were \$852,566 as of June 30, 2021 and \$1,099,975 as of June 30, 2020 and are reported as cash and equivalents on the statement of net position, but are subject to the investment risk note disclosures.

# Wisconsin Educational Communications Board

## Notes to Financial Statements

June 30, 2021 and 2020

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, 2021, \$10,845,212 of ECB's bank balance of \$12,466,531 and, as of June 30, 2020, \$6,399,614 of ECB's bank balance of \$7,632,796, 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 exceed the FDIC covered limit in bank accounts or certificates of deposits of any single issuer.

*Investments:* For an investment, custodial credit risk is the risk that, in the event of the failure of the Counterparty or agent, ECB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$7,856,763 of ECB's investments of \$39,176,691 were held by a counterparty and not in ECB's name, and therefore were exposed to custodial credit risk. As of June 30, 2020, \$5,532,902 of ECB's investments of \$30,093,238 were held by a counterparty and not in ECB's name, and therefore were exposed to custodial credit risk.

*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, 2021 and 2020, 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, 2021, ECB's investments had the following average maturities:

	Fair Value	Average Maturity (in Years)		
		Less Than 3	3-5	more than 5
Fixed income investments	\$ 13,719,183	\$ 6,548,829	\$ 1,605,904	\$ 5,564,450

As of June 30, 2020, ECB's investments had the following average maturities:

	Fair Value	Average Maturity (in Years)		
		Less Than 3	3-5	more than 5
Fixed income investments	\$ 12,248,110	\$ 6,309,986	\$ 837,938	\$ 5,100,186

# Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

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 \$4,444,413 and \$3,356,163 as of June 30, 2021 and 2020, 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.

## Capital Assets

Capital asset balances and activity for the years ended June 30, 2021 and 2020 are as follows:

	<b>2021</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Capital assets not being depreciated/amortized:				
Land	\$ 158,743	\$ -	\$ -	\$ 158,743
Capital assets being depreciated/amortized:				
Building and improvements	10,014,933	73,594	(30,556)	10,057,971
Equipment	22,451,413	2,129,905	(117,070)	24,464,248
Intangible assets	770,818	52,179	(120,943)	702,054
Total capital assets being depreciated/ amortized at historical cost	<u>33,237,164</u>	<u>2,255,678</u>	<u>(268,569)</u>	<u>35,224,273</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(8,256,498)	(367,489)	12,107	(8,611,880)
Equipment	(15,923,117)	(1,053,716)	113,034	(16,863,799)
Intangible assets	(178,660)	(169,612)	120,942	(227,330)
Total accumulated depreciation/ amortization	<u>(24,358,275)</u>	<u>(1,590,817)</u>	<u>246,083</u>	<u>(25,703,009)</u>
Total capital assets being depreciated/ amortized, net	<u>8,878,889</u>	<u>664,861</u>	<u>(22,486)</u>	<u>9,521,264</u>
Total capital assets, net	<u>\$ 9,037,632</u>	<u>\$ 664,861</u>	<u>\$ (22,486)</u>	<u>\$ 9,680,007</u>

## Wisconsin Educational Communications Board

### Notes to Financial Statements

June 30, 2021 and 2020

Depreciation/Amortization expense of \$1,424,265 was charged to Broadcasting expense, \$110,948 was charged to Fundraising and Membership Development expense and \$55,604 was charged to Programming and Production expense on the statement of revenues, expenses and changes in net position in fiscal year 2021.

	<b>2020</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Capital assets not being depreciated/amortized:				
Land	\$ 158,743	\$ -	\$ -	\$ 158,743
Capital assets being depreciated/amortized:				
Building and improvements	9,854,337	177,570	(16,974)	10,014,933
Equipment	21,563,321	1,299,893	(411,801)	22,451,413
Intangible assets	747,736	272,000	(248,918)	770,818
Total capital assets being depreciated/amortized at historical cost	<u>32,165,394</u>	<u>1,749,463</u>	<u>(677,693)</u>	<u>33,237,164</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(7,978,257)	(289,785)	11,544	(8,256,498)
Equipment	(15,260,849)	(1,027,783)	365,515	(15,923,117)
Intangible assets	(111,795)	(99,284)	32,419	(178,660)
Total accumulated depreciation/amortization	<u>(23,350,901)</u>	<u>(1,416,852)</u>	<u>409,478</u>	<u>(24,358,275)</u>
Total capital assets being depreciated/amortized, net	<u>8,814,493</u>	<u>332,611</u>	<u>(268,215)</u>	<u>8,878,889</u>
Total capital assets, net	<u>\$ 8,973,236</u>	<u>\$ 332,611</u>	<u>\$ (268,215)</u>	<u>\$ 9,037,632</u>

Depreciation/Amortization expense of \$1,320,628 was charged to Broadcasting expense \$48,164 was charged to Fundraising and Membership Development expense and \$48,060 was charged to Programming and Production expense in fiscal year 2020.

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 one NTIA capital equipment grant in fiscal year 2013. The book value of equipment purchased with NTIA funds is \$187,978 and \$219,308 as of June 30, 2021 and 2020, respectively.

# Wisconsin Educational Communications Board

## Notes to Financial Statements

June 30, 2021 and 2020

### Long-Term Obligations

The indebtedness carried by the State of Wisconsin on behalf of ECB to be repaid by general purpose revenue as of June 30, 2021 and June 30, 2020 is \$10,892,965 and \$11,015,695, respectively, in general obligation bonds, which includes general obligation refunding bonds and \$621,901 and \$942,640, 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 net position as it is incurred. Total interest expense for June 30, 2021 and 2020 were \$558,582 and \$567,134, respectively, and the associated capital support received from the State is included in nonoperating section of the statements of revenues, expenses and changes in net position.

The amounts provided through program revenue for indebtedness during fiscal years 2021 and 2020 are \$832 and \$12,379, respectively, which consisted of principal payments of \$819 and \$11,786, respectively, and interest payments of \$13 and \$593, respectively. As of June 30, 2021, debt service requirements for principal and interest in future years for program revenue-funded bonds were paid in full.

Long-term obligation activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated absences	\$ 293,750	\$ 33,769	\$ (19,946)	\$ 307,573
Total	<u>\$ 293,750</u>	<u>\$ 33,769</u>	<u>\$ (19,946)</u>	<u>\$ 307,573</u>

Long-term obligation activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated absences	\$ 281,797	\$ 44,863	\$ (32,910)	\$ 293,750
Bonds payable	819	-	(819)	-
Net pension liability	605,453	-	(605,453)	-
Total	<u>\$ 888,069</u>	<u>\$ 44,863</u>	<u>\$ (639,182)</u>	<u>\$ 293,750</u>

The long-term obligation activity from compensated absences is generally funded with operating subsidies received from the State of Wisconsin, whereas the bonds payable are funded with program revenue. Compensated absences and bonds payable expected to be paid within one year are reflected in the current liabilities on the statements of net position.

# Wisconsin Educational Communications Board

## Notes to Financial Statements

June 30, 2021 and 2020

### Leases

#### Green Bay Tower Lease

In December of 2017, the Department of Administration entered into two lease agreements on behalf of ECB with Gray Television Group, Inc. These leases require monthly payments and an annual payment in lieu of taxes of the lesser of 50 percent of the annual property tax assessment or a payment of \$15,000 compounded by a scheduled escalator each lease year of 3 percent. As of June 30, 2021, the compounded payments in lieu of taxes under this lease total \$16,883. This amount is entirely related to fiscal year 2022.

#### 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 2021 and 2020, ECB paid \$625,705 and \$521,040, respectively, in rent payments for building and tower space, which is included in operating expenses on the statements of revenues, expenses and changes in net position.

#### 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 2021 and 2020 were \$574,780 and \$558,035, respectively, which are included in operating revenues on the statements of revenues, expenses and changes in net position.

The following is a schedule of future minimum expected receipts under this lease as of June 30, 2021:

2022	\$	619,751
2023		638,344
2024		657,494
2025		677,219
2026		697,535
2027-2031		3,814,410
2032-2036		4,421,946
2037-2041		4,968,298
2042-2043		251,595
		<hr/>
Total	\$	<u>16,746,594</u>

### Endowments

#### Quasi Endowment

Values as of June 30, 2021 and 2020 are \$3,506,925 and \$2,855,083, respectively, for the ECB television network's endowment and \$793,342 and \$725,885, respectively, for the ECB radio networks' endowment.

# Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

Endowment activity for the years ended June 30, 2021 and 2020 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):

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance June 30, 2019	\$ 3,612,182	\$ 313,382	\$ 3,925,564
Interest and dividends, FY 2020	76,818	9,184	86,002
Realized and unrealized gains (losses), FY 2020	95,464	2,819	98,283
Contributions, FY 2020	-	250,972	250,972
Investment fees, FY 2020	(18,753)	(1,992)	(20,745)
Distributions, FY 2020	(185,100)	(7,859)	(192,959)
Balance June 30, 2020	3,580,611	566,506	4,147,117
Interest and dividends, FY 2021	54,073	2,711	56,784
Realized and unrealized gains(losses), FY 2021	914,603	5,715	920,318
Contributions, FY 2021	-	1,272	1,272
Investment fees, FY 2021	(20,508)	(597)	(21,105)
Distributions, FY 2021	(262,600)	(8,719)	(271,319)
	<u>\$ 4,266,179</u>	<u>\$ 566,888</u>	<u>\$ 4,833,067</u>

## 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 net position and totaled \$9,423,432 and \$11,032,500 for the years ended June 30, 2021 and 2020, respectively. The timing of those transfers and the expenses may result in an interfund payable and a receivable at year-end, which are reflected on the statements of net position.

## Net Investment in Capital Assets

ECB's net investment in capital assets reported on the statement of net position at June 30, 2021 is comprised of the following:

Land	\$ 158,743
Buildings, net of accumulated depreciation	1,446,091
Equipment, net of accumulated depreciation	7,600,449
Intangible assets, net of accumulated amortization	474,724
Total net investment in capital assets	<u>\$ 9,680,007</u>

# Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

ECB's net investment in capital assets reported on the Statement of Net Position at June 30, 2020 is comprised of the following:

Land	\$ 158,743
Buildings, net of accumulated depreciation	1,758,435
Equipment, net of accumulated depreciation	6,528,296
Intangible assets, net of accumulated amortization	592,158
Less related long-term debt outstanding	<u>(819)</u>
Total net investment in capital assets	<u>\$ 9,036,813</u>

### 3. Other Information

#### Employees' Retirement System

##### 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 Wis. Stats. 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.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

##### 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 occupations, 62 for elected officials and executive service plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

# Wisconsin Educational Communications Board

## Notes to Financial Statements

June 30, 2021 and 2020

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

WRS also provides death and disability benefits for employees.

### Postretirement 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.

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

	<b>Core Fund Adjustment %</b>	<b>Variable Fund Adjustment %</b>
2011	(1.2)	11
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0

### Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wis. Stats. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$218,734 in contributions from the employer.

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

Contribution rates for the plan year reported as of June 30, 2021 are:

Employee Category	Employee	Employer
General (including executives and elected officials)	6.75 %	6.75 %

During the reporting period ending June 30, 2020, the WRS recognized \$189,984 in contributions from the employer.

Contribution rates for the plan year reported as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including executives and elected officials)	6.55 %	6.55 %

### Pension Liabilities (Asset), Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2021 and 2020, ECB reported a liability (asset) of \$(1,134,238) and \$(553,656), respectively for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 liability (asset) was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the proportion was 0.01816776 percent, which was an increase of 0.00099722 percent from its proportion measured as of December 31, 2019. At December 31, 2019, the proportion was 0.01717054 percent, which was an increase of 0.00015236 percent from its proportion measured as of December 31, 2018.

For the years ended June 30, 2021 and 2020, ECB recognized pension expense of \$(105,996) and \$192,737, respectively.

At June 30, 2021, ECB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,641,591	\$ (353,595)
Changes in assumptions	25,722	-
Net difference between projected and actual earnings on pension plan investments	831,061	(2,960,500)
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,399	-
Employer contributions subsequent to the measurement date	188,585	-
Total	<u>\$ 2,714,358</u>	<u>\$ (3,314,095)</u>

## Wisconsin Educational Communications Board

### Notes to Financial Statements

June 30, 2021 and 2020

\$188,585 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, 2022.

Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>
	<hr/>
Years ending June 30:	
2022	\$ (197,223)
2023	(48,440)
2024	(381,288)
2025	(161,371)
2026	-

At June 30, 2020, ECB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<hr/>	<hr/>
Differences between expected and actual experience	\$ 1,050,966	\$ (525,937)
Changes in assumptions	43,144	-
Net difference between projected and actual earnings on pension plan investments	1,178,167	(2,310,037)
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,897	-
Employer contributions subsequent to the measurement date	188,192	-
	<hr/>	<hr/>
Total	<b>\$ 2,491,366</b>	<b>\$ (2,835,974)</b>
	<hr/> <hr/>	<hr/> <hr/>

# Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

\$188,192 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, 2021.

Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>
Years ending June 30:	
2021	\$ (153,056)
2022	(115,246)
2023	25,151
2024	(289,649)
2025	-

## Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2019
Measurement date of net pension liability	December 31, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/merit	0.1% - 5.6%
Mortality	Wisconsin 2018 mortality table
Postretirement adjustments*	1.9%

\* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

# Wisconsin Educational Communications Board

Notes to Financial Statements

June 30, 2021 and 2020

## 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>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class:			
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class:			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent. Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

## Single Discount Rate

A single discount rate of 7.00 percent 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 7.00 percent and a municipal bond rate of 2.00 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Wisconsin Educational Communications Board

Notes to Financial Statements

June 30, 2021 and 2020

### 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) at June 30, 2021 calculated using the discount rate of 7.00 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
ECB's proportionate share of the net pension liability (asset)	\$ 1,079,637	\$ (1,134,238)	\$ (2,760,314)

The following presents ECB's proportionate share of the net pension liability (asset) at June 30, 2020 calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
ECB's proportionate share of the net pension liability (asset)	\$ 1,425,764	\$ (553,656)	\$ (2,003,501)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the pension plan at June 30, 2021 and 2020 were \$9,183 and \$9,901, respectively. This represents contributions earned as of June 30, 2021 and 2020, but for which payment was not remitted to the pension plan until subsequent to year-end.

### Postemployment Benefits Other Than Pensions

In accordance with the provisions established by GASB, state and local government employers are required to display in financial reports other postemployment benefits (OPEB) expenses and related liabilities; note disclosures; and if applicable, required supplementary information.

# Wisconsin Educational Communications Board

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## Notes to Financial Statements

June 30, 2021 and 2020

ECB employees are included in the State of Wisconsin's Health Insurance Program, a cost-sharing, multiple-employer, defined benefit plan not held in a trust. The plan is an employer-sponsored program offering group medical coverage to eligible employees and retirees of the State, created under Chapter 40 of Wisconsin Statutes. 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) of Wisconsin Statutes. 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 financial statements of ECB 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 net position, because the OPEB has been determined by management to be the responsibility of the State of Wisconsin and not ECB.

### 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-Madison. In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the UW Board of Regents developed partnerships called PBS Wisconsin (formerly 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 PBS Wisconsin) and financial commitments of the partners. The directors of PBS Wisconsin 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 Statements of Net Position. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements.

#### **Friends of PBS Wisconsin, Inc.**

Friends of PBS Wisconsin is the result of the July 1, 2009, the Friends of WHA-TV, Inc. reorganization. At that time, Friends of WHA-TV 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. During 2020, Wisconsin Public Television and Friends of Wisconsin Public Television changed their names to PBS Wisconsin and Friends of PBS Wisconsin respectively. 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.

## Wisconsin Educational Communications Board

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### Notes to Financial Statements

June 30, 2021 and 2020

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. 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 PBS Wisconsin, Inc. at 821 University Avenue, Madison, WI 53706.

#### **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. 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.

ECB includes in the WPBF fund its allocated share of the Friends' and the WPRA's assets, liabilities, deferred inflows of resources, revenues and expenses. The following provides a summary of amounts for WPBF and its related shares of the Friends and WPRA.

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

The condensed statement of net position as of June 30, 2021 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Assets:				
Current assets	\$ 6,850,021	\$ 3,163,398	\$ 2,675,501	\$ 12,688,920
Noncurrent assets	25,712,976	6,351,737	6,745,231	38,809,944
Total assets	<u>32,562,997</u>	<u>9,515,135</u>	<u>9,420,732</u>	<u>51,498,864</u>
Total liabilities	<u>157,346</u>	<u>2,087,336</u>	<u>38,127</u>	<u>2,282,809</u>
Deferred inflows of resources	<u>-</u>	<u>424,499</u>	<u>64,524</u>	<u>489,023</u>
Net position:				
Net investment in capital assets	-	130,157	240,816	370,973
Restricted by grants or donors	-	206,735	115,940	322,675
Restricted nonexpendable	35,008	250,000	281,880	566,888
Unrestricted	<u>32,370,643</u>	<u>6,416,408</u>	<u>8,679,445</u>	<u>47,466,496</u>
Total net position	<u>\$ 32,405,651</u>	<u>\$ 7,003,300</u>	<u>\$ 9,318,081</u>	<u>\$ 48,727,032</u>

# Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

The condensed statement of activities for the year ended June 30, 2021 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Operating revenues:				
Contributions	\$ -	\$ 6,530,520	\$ 8,602,635	\$ 15,133,155
Corporation for Public Broadcasting grants	3,083,395	-	-	3,083,395
Underwriting grants	1,180,336	288,355	-	1,468,691
Other income	3,234	170,144	8,572	181,950
	<u>4,266,965</u>	<u>6,989,019</u>	<u>8,611,207</u>	<u>19,867,191</u>
Total operating revenues				
Total operating expenses	<u>251,283</u>	<u>3,041,332</u>	<u>1,745,838</u>	<u>5,038,453</u>
Operating income	4,015,682	3,947,687	6,865,369	14,828,738
Total nonoperating revenues	<u>5,368,971</u>	<u>800,760</u>	<u>1,264,177</u>	<u>7,433,908</u>
Income before transfers	9,384,653	4,748,447	8,129,546	22,262,646
Interfund transfers	<u>(2,504,479)</u>	<u>(2,060,910)</u>	<u>(4,858,043)</u>	<u>(9,423,432)</u>
Change in net position	6,880,174	2,687,537	3,271,503	12,839,214
<b>Total Net position, Beginning</b>	<u>25,525,477</u>	<u>4,315,763</u>	<u>6,046,578</u>	<u>35,887,818</u>
<b>Total Net position, Ending</b>	<u>\$ 32,405,651</u>	<u>\$ 7,003,300</u>	<u>\$ 9,318,081</u>	<u>\$ 48,727,032</u>

The condensed statement of cash flows for the year ended June 30, 2021 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Cash flows from operating activities	\$ 3,868,054	\$ 5,302,387	\$ 6,949,014	\$ 16,119,455
Cash flows from noncapital financing activities	(2,251,486)	(2,313,903)	(4,858,043)	(9,423,432)
Cash flows from capital and related financing activities	-	(1,198)	-	(1,198)
Cash flows from investing activities	<u>379,172</u>	<u>(1,544,024)</u>	<u>(378,579)</u>	<u>(1,543,431)</u>
Net increase in cash and equivalents	1,995,740	1,443,262	1,712,392	5,151,394
Beginning cash and equivalents	<u>5,011,959</u>	<u>671,177</u>	<u>814,674</u>	<u>6,497,810</u>
Ending cash and equivalents	<u>\$ 7,007,699</u>	<u>\$ 2,114,439</u>	<u>\$ 2,527,066</u>	<u>\$ 11,649,204</u>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

The condensed statement of net position as of June 30, 2020 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Assets:				
Current assets	\$ 5,107,274	\$ 1,635,761	\$ 934,511	\$ 7,677,546
Noncurrent assets	20,723,177	3,969,730	5,181,021	29,873,928
Total assets	25,830,451	5,605,491	6,115,532	37,551,474
Total liabilities	304,974	957,342	18,431	1,280,747
Deferred inflows of resources	-	332,386	50,523	382,909
Net position:				
Net investment in capital assets	-	167,659	313,065	480,724
Restricted by grants or donors	-	18,381	35,515	53,896
Restricted nonexpendable	35,008	250,000	281,498	566,506
Unrestricted	25,490,469	3,879,723	5,416,500	34,786,692
Total net position	<u>\$ 25,525,477</u>	<u>\$ 4,315,763</u>	<u>\$ 6,046,578</u>	<u>\$ 35,887,818</u>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

The condensed statement of activities for the year ended June 30, 2020 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Operating revenues:				
Contributions Corporation for Public Broadcasting grants	\$ -	\$ 5,514,422	\$ 8,247,791	\$ 13,762,213
Underwriting grants	2,407,856	-	-	2,407,856
Other income	1,505,415	141,125	-	1,646,540
	<u>2,389</u>	<u>509,651</u>	<u>71,578</u>	<u>583,618</u>
Total operating revenues	3,915,660	6,165,198	8,319,369	18,400,227
Total operating expenses	<u>263,300</u>	<u>3,909,813</u>	<u>1,922,264</u>	<u>6,095,377</u>
Operating income	3,652,360	2,255,385	6,397,105	12,304,850
Total nonoperating revenues	<u>817,900</u>	<u>156,956</u>	<u>163,526</u>	<u>1,138,382</u>
Income before transfers	4,470,260	2,412,341	6,560,631	13,443,232
Interfund transfers	<u>(3,632,770)</u>	<u>(1,745,315)</u>	<u>(5,654,415)</u>	<u>(11,032,500)</u>
Change in net position	837,490	667,026	906,216	2,410,732
<b>Total Net Position, Beginning</b>	<u>24,687,987</u>	<u>3,648,737</u>	<u>5,140,362</u>	<u>33,477,086</u>
<b>Total Net Position, Ending</b>	<u>\$ 25,525,477</u>	<u>\$ 4,315,763</u>	<u>\$ 6,046,578</u>	<u>\$ 35,887,818</u>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

The condensed statement of cash flows for the year ended June 30, 2020 is as follows:

	<u>WPBF</u>	<u>Friends</u>	<u>WPRA</u>	<u>Total</u>
Cash flows from operating activities	\$ 3,536,793	\$ 1,889,679	\$ 6,555,742	\$ 11,982,214
Cash flows from noncapital financing activities	(3,191,297)	(1,724,512)	(6,116,691)	(11,032,500)
Cash flows from capital and related financing activities	-	(60,139)	(176,755)	(236,894)
Cash flows from investing activities	<u>(1,966,003)</u>	<u>(892,638)</u>	<u>(815,299)</u>	<u>(3,673,940)</u>
Net increase (decrease) in cash and equivalents	(1,620,507)	(787,610)	(553,003)	(2,961,120)
Beginning cash and equivalents	<u>6,632,466</u>	<u>1,458,787</u>	<u>1,367,677</u>	<u>9,458,930</u>
Ending cash and equivalents	<u>\$ 5,011,959</u>	<u>\$ 671,177</u>	<u>\$ 814,674</u>	<u>\$ 6,497,810</u>

### 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., QMI 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.

# Wisconsin Educational Communications Board

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Notes to Financial Statements  
June 30, 2021 and 2020

## Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Comp Plans*
- Statement No. 98, *The Annual Comprehensive Financial Report*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

## WERN, WHAD and Wisconsin Television Network 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 net position attributable to each network for fiscal years 2021 and 2020. Direct revenues and expenses are allocated based on actual amounts. The remaining revenues and expenses are allocated to the networks based on reasonable estimates.

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

	Fiscal Year 2021			
	WERN-FM Affiliates	WHAD-FM and Affiliates	Wisconsin Television Network	ECB Total
Operating revenues:				
Contributed support Corporation for Public Broadcasting grants	\$ 2,876,010	\$ 3,749,599	\$ 4,377,370	\$ 11,002,979
Underwriting grants	614,002	640,994	1,828,399	3,083,395
Major gifts	700,181	417,210	351,300	1,468,691
Contributed in-kind support	858,177	1,118,849	2,153,150	4,130,176
Other income	331,593	583	1,081	333,257
	297,247	299,042	1,199,235	1,795,524
<b>Total operating revenues</b>	<b>5,677,210</b>	<b>6,226,277</b>	<b>9,910,535</b>	<b>21,814,022</b>
Operating expenses:				
Program services:				
Programming and production	2,712,893	3,332,886	3,209,682	9,255,461
Broadcasting	1,371,103	2,604,330	4,853,734	8,829,167
Program information	64,097	38,192	209,681	311,970
<b>Total program services</b>	<b>4,148,093</b>	<b>5,975,408</b>	<b>8,273,097</b>	<b>18,396,598</b>
Support services:				
Management and general	420,313	541,936	624,805	1,587,054
Fundraising and membership development	652,597	850,823	1,619,946	3,123,366
Underwriting	18,413	10,971	232,510	261,894
<b>Total support services</b>	<b>1,091,323</b>	<b>1,403,730</b>	<b>2,477,261</b>	<b>4,972,314</b>
<b>Total operating expenses</b>	<b>5,239,416</b>	<b>7,379,138</b>	<b>10,750,358</b>	<b>23,368,912</b>
<b>Operating income (loss)</b>	<b>437,794</b>	<b>(1,152,861)</b>	<b>(839,823)</b>	<b>(1,554,890)</b>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

	Fiscal Year 2021			
	WERN-FM Affiliates	WHAD-FM and Affiliates	Wisconsin Television Network	ECB Total
Nonoperating revenues (expenses):				
State general fund revenue	\$ 1,782,017	\$ 2,297,664	\$ 1,998,936	\$ 6,078,617
Loss on disposal of capital assets	(1,014)	(1,014)	(20,458)	(22,486)
Capital debt interest expense	(25,193)	(25,193)	(508,196)	(558,582)
Investment income	1,831,173	1,818,746	3,783,989	7,433,908
Grant revenue	38,041	49,048	42,671	129,760
Insurance proceeds	1,237	2,392	4,427	8,056
<b>Total nonoperating revenues (expenses)</b>	<b>3,626,261</b>	<b>4,141,643</b>	<b>5,301,369</b>	<b>13,069,273</b>
<b>Income (loss) before capital contributions</b>	<b>4,064,055</b>	<b>2,988,782</b>	<b>4,461,546</b>	<b>11,514,383</b>
Capital contributions	95,811	95,811	1,934,067	2,125,689
<b>Change in net position</b>	<b>\$ 4,159,866</b>	<b>\$ 3,084,593</b>	<b>\$ 6,395,613</b>	<b>\$ 13,640,072</b>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

	<b>Fiscal Year 2020</b>			
	<b>WERN-FM Affiliates</b>	<b>WHAD-FM and Affiliates</b>	<b>Wisconsin Television Network</b>	<b>ECB Total</b>
Operating revenues:				
Contributed support Corporation for Public Broadcasting grants	\$ 2,677,734	\$ 3,060,486	\$ 4,160,096	\$ 9,898,316
Underwriting grants	433,972	483,349	1,490,535	2,407,856
Major gifts	719,207	604,184	323,149	1,646,540
Contributed in-kind support	1,171,088	1,338,483	1,354,326	3,863,897
Other income	366,733	-	-	366,733
	365,009	364,538	1,502,758	2,232,305
<b>Total operating revenues</b>	<b>5,733,743</b>	<b>364,538</b>	<b>1,502,758</b>	<b>20,415,647</b>
Operating expenses:				
Program services:				
Programming and production	3,122,378	4,237,903	3,886,464	11,246,745
Broadcasting	1,437,037	2,537,756	4,816,411	8,791,204
Program information	105,786	88,868	207,257	401,911
<b>Total program services</b>	<b>4,665,201</b>	<b>6,864,527</b>	<b>8,910,132</b>	<b>20,439,860</b>
Support services:				
Management and general	424,766	566,561	555,353	1,546,680
Fundraising and membership development	754,495	862,341	1,957,456	3,574,292
Underwriting	9,930	8,342	203,681	221,953
<b>Total support services</b>	<b>1,189,191</b>	<b>1,437,244</b>	<b>2,716,490</b>	<b>5,342,925</b>
<b>Total operating expenses</b>	<b>5,854,392</b>	<b>8,301,771</b>	<b>11,626,622</b>	<b>25,782,785</b>
<b>Operating income (loss)</b>	<b>(120,649)</b>	<b>(2,450,731)</b>	<b>(2,795,758)</b>	<b>(5,367,138)</b>

## Wisconsin Educational Communications Board

Notes to Financial Statements  
June 30, 2021 and 2020

	Fiscal Year 2020			
	WERN-FM Affiliates	WHAD-FM and Affiliates	Wisconsin Television Network	ECB Total
Nonoperating revenues (expenses):				
State general fund revenue	\$ 1,850,102	\$ 2,467,700	\$ 1,802,128	\$ 6,119,930
Loss on disposal of capital assets	(72,641)	(72,641)	(122,934)	(268,216)
Capital debt interest expense	(153,733)	(153,733)	(259,668)	(567,134)
Investment income	260,129	258,302	619,951	1,138,382
Grant revenue	9,549	12,737	9,302	31,588
Insurance proceeds	-	2,225	8,493	10,718
<b>Total nonoperating revenues (expenses)</b>	<b>1,893,406</b>	<b>2,514,590</b>	<b>2,057,272</b>	<b>6,465,268</b>
<b>Income (loss) before capital contributions</b>	<b>1,772,757</b>	<b>63,859</b>	<b>(738,486)</b>	<b>1,098,130</b>
Capital contributions	439,019	439,019	742,973	1,621,011
<b>Change in net position</b>	<b>\$ 2,211,776</b>	<b>\$ 502,878</b>	<b>\$ 4,487</b>	<b>\$ 2,719,141</b>

### Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed for possible inclusion as a disclosure in the financial statements. In September 2021, ECB modified its agreement regarding its EBS spectrum leases to lease out additional excess capacity. Amounts related to the modified agreements are included in Note 2.

**REQUIRED SUPPLEMENTARY INFORMATION**

## Wisconsin Educational Communications Board

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended June 30, 2021 and 2020

<b>Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
June 30, 2021	0.01816776 %	\$ (1,134,238)	\$ 3,240,514	-35.00 %	105.26 %
June 30, 2020	0.01717054 %	(553,656)	2,900,524	-19.09 %	102.96 %
June 30, 2019	0.01701818 %	605,453	2,684,379	22.55 %	96.45 %
June 30, 2018	0.01828632 %	(542,942)	2,450,637	-22.16 %	102.93 %
June 30, 2017	0.02026025 %	166,993	2,461,885	6.51 %	99.12 %
June 30, 2016	0.02182512 %	354,654	2,724,408	12.33 %	98.20 %
June 30, 2015	0.02248088 %	(552,192)	3,132,672	-18.02 %	102.74 %

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended June 30, 2021 and 2020

<b>Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2021	\$ 248,181	\$ 248,181	\$ -	\$ 3,161,533	7.85 %
June 30, 2020	238,629	238,629	-	3,048,709	7.83 %
June 30, 2019	207,679	207,679	-	2,684,379	7.74 %
June 30, 2018	206,995	206,995	-	2,597,614	7.97 %
June 30, 2017	195,462	195,462	-	2,461,885	7.94 %
June 30, 2016	214,373	214,373	-	2,724,408	7.87 %
June 30, 2015	251,657	251,657	-	3,132,672	8.03 %

See notes to required supplementary information

# Wisconsin Educational Communications Board

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Notes to Required Supplementary Information  
Year Ended June 30, 2021 and 2020

## 1. Wisconsin Retirement System (WRS) Pension

The amounts presented in relation to the schedule of employer's proportionate share of the net pension (asset)/liability and the schedule of employer contributions represents the specific data of ECB. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to ECB as a whole.

ECB is required to present the last ten fiscal years data; however, the standards allow ECB to present as many years as are available until ten fiscal years are presented.

### Changes of Benefit Terms

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

### Changes of Assumptions

No significant change in assumptions from the prior year were noted for fiscal year 2021. For 2020, actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.