

AN AUDIT

WHA Television

01-3

January 2001

2001-2002 Joint Legislative Audit Committee Members

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State of Wisconsin \ LEGISLATIVE AUDIT
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January 30, 2001

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Mr. Jay L. Smith
President of the Board of Regents
University of Wisconsin
Madison, Wisconsin 53706

Dear Senator George, Representative Leibham, and Mr. Smith:

We have completed a financial audit of WHA Television, as requested by the University of Wisconsin-Extension to fulfill audit requirements of the Corporation for Public Broadcasting. The Corporation requires audited financial statements of public broadcasting entities to determine future funding levels.

WHA Television is licensed to the Board of Regents of the University of Wisconsin System and is operated by the University of Wisconsin-Extension. WHA Television received over \$14.3 million in support and revenue during fiscal year 1999-2000, including state support, member contributions, funding from the Corporation for Public Broadcasting, and various other grants.

Our audit report contains WHA Television's financial statements and related notes for the period July 1, 1999 through June 30, 2000. We were able to issue an unqualified independent auditor's report on these statements.

We appreciate the courtesy and cooperation extended to us by University of Wisconsin-Extension staff during the audit.

Respectfully submitted,

Janice Mueller
State Auditor

JM/DA/cm

Independent Auditor's Report on the Financial Statements of WHA Television

We have audited the accompanying balance sheet of WHA Television as of June 30, 2000, and the related statements of financial activity and cash flows for the year then ended. These financial statements are the responsibility of the management of WHA Television. Our responsibility is to express an opinion on these financial statements, based on our audit. We did not audit the financial statements of the Friends of WHA-TV, Inc., which represent 20.6 percent of total assets and 23.8 percent of total support and revenues. The statements of the Friends of WHA-TV, Inc., 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 Friends of WHA-TV, Inc., is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Friends of WHA-TV, Inc., were audited by other auditors in accordance with generally accepted auditing standards, but not in accordance with the additional requirements of *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only WHA Television and are not intended to present fairly the financial position of the State of Wisconsin, the results of its operations and changes in fund balances of its fund types, and its cash flows in accordance with generally accepted accounting principles.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of WHA Television as of June 30, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also will issue a report dated January 23, 2001, on our consideration of WHA Television's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

LEGISLATIVE AUDIT BUREAU

January 23, 2001

by

Diann Allsen
Audit Director

WHA Television
A Public Telecommunications Entity
Operated by the University of Wisconsin-Extension
Balance Sheet
June 30, 2000

	Unrestricted Fund	Restricted Fund	Friends of WHA-TV, Inc.	Property Fund	Total June 30, 2000	Total June 30, 1999
Assets						
Current Assets:						
Cash and cash equivalents (Note 2)	\$ 0	\$ 0	\$ 763,821	\$ 0	\$ 763,821	\$ 539,817
Grants and contracts receivable	0	1,507,877	0	0	1,507,877	1,103,264
Accounts and interest receivable (net)	251,547	0	154,160	0	405,707	341,748
Accounts receivable - ECB (Note 8)	326,243	321,204	0	0	647,447	755,903
Contributions receivable	0	0	71,570	0	71,570	59,644
Due from the University of Wisconsin System	0	0	0	0	0	105,090
Interfund receivable (payable)	986,091	0	(986,091)	0	0	0
Prepaid expenses	53,339	0	83,433	0	136,772	61,536
Total Current Assets	<u>1,617,220</u>	<u>1,829,081</u>	<u>86,893</u>	<u>0</u>	<u>3,533,194</u>	<u>2,967,002</u>
Investments (Note 2)	<u>3,215,419</u>	<u>0</u>	<u>2,233,707</u>	<u>0</u>	<u>5,449,126</u>	<u>4,781,714</u>
Property and Equipment (Note 9):						
Production equipment	0	0	0	6,975,164	6,975,164	6,978,053
Transmission equipment	0	0	0	1,831,748	1,831,748	1,511,825
Furniture and fixtures	0	0	56,423	103,701	160,124	463,041
Vehicles	0	0	0	103,897	103,897	103,897
Total Property and Equipment	<u>0</u>	<u>0</u>	<u>56,423</u>	<u>9,014,510</u>	<u>9,070,933</u>	<u>9,056,816</u>
Less accumulated depreciation	<u>0</u>	<u>0</u>	<u>(56,128)</u>	<u>(6,728,362)</u>	<u>(6,784,490)</u>	<u>(6,452,733)</u>
Net Property and Equipment	<u>0</u>	<u>0</u>	<u>295</u>	<u>2,286,148</u>	<u>2,286,443</u>	<u>2,604,083</u>
Total Assets	<u>\$ 4,832,639</u>	<u>\$ 1,829,081</u>	<u>\$ 2,320,895</u>	<u>\$ 2,286,148</u>	<u>\$ 11,268,763</u>	<u>\$ 10,352,799</u>
Liabilities and Fund Balances						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 522,662	\$ 93,284	\$ 134,466	\$ 0	\$ 750,412	\$ 747,026
Due to the University of Wisconsin System	198,927	714,245	0	0	913,172	601,332
Deferred support (Note 4)	0	1,021,552	125,477	0	1,147,029	603,724
Total Current Liabilities	<u>721,589</u>	<u>1,829,081</u>	<u>259,943</u>	<u>0</u>	<u>2,810,613</u>	<u>1,952,082</u>
Fund Balances						
Unrestricted fund balance (Note 7)	4,111,050	0	1,989,382	0	6,100,432	5,738,937
Temporarily restricted fund balance (Note 6)	0	0	71,570	0	71,570	59,644
Net investment in property and equipment	0	0	0	2,286,148	2,286,148	2,602,136
Total Fund Balances	<u>4,111,050</u>	<u>0</u>	<u>2,060,952</u>	<u>2,286,148</u>	<u>8,458,150</u>	<u>8,400,717</u>
Total Liabilities and Fund Balances	<u>\$ 4,832,639</u>	<u>\$ 1,829,081</u>	<u>\$ 2,320,895</u>	<u>\$ 2,286,148</u>	<u>\$ 11,268,763</u>	<u>\$ 10,352,799</u>

The accompanying notes are an integral part of this statement.

WHA Television
A Public Telecommunications Entity
Operated by the University of Wisconsin-Extension
Statement of Financial Activity
for the Year Ended June 30, 2000

	Unrestricted Fund	Restricted Fund	Friends of WHA-TV, Inc.	Property Fund	Total 1999-2000	Total 1998-1999
Support and Revenue						
State General Appropriation	\$ 3,609,595	\$ 0	\$ 0	\$ 0	\$ 3,609,595	\$ 3,397,502
State Building Trust Funds	0	172,106	0	0	172,106	33,044
Donated Facilities and Administrative Support from the University of Wisconsin System (Note 3)	2,342,631	0	0	0	2,342,631	2,394,362
Community Service Grant - CPB	931,298	0	0	0	931,298	786,043
Other Grants	0	1,931,357	0	0	1,931,357	2,255,964
Underwriting	450,894	0	0	0	450,894	515,757
Telecasting, Production, and Other Income	1,235,302	0	481,846	0	1,717,148	1,853,459
Membership Income	0	0	2,033,499	0	2,033,499	2,029,855
Auction Income	0	0	504,182	0	504,182	422,933
Investment Income	231,988	0	393,629	0	625,617	358,775
Total Support and Revenue	8,801,708	2,103,463	3,413,156	0	14,318,327	14,047,694
Expenses						
Program Services:						
Programming and production	5,695,110	1,572,919	117,783	464,583	7,850,395	7,131,725
Broadcasting	138,554	31,905	0	237,293	407,752	354,277
Program information	1,464,714	182,632	84,389	0	1,731,735	2,083,849
Total Program Services	7,298,378	1,787,456	202,172	701,876	9,989,882	9,569,851
Support Services:						
Management and general	2,643,527	21,537	109,168	0	2,774,232	2,657,724
Fund-raising and membership development	185,219	122,364	1,106,622	0	1,414,205	1,322,628
Underwriting	82,575	0	0	0	82,575	89,059
Total Support Services	2,911,321	143,901	1,215,790	0	4,271,012	4,069,411
Total Expenses	10,209,699	1,931,357	1,417,962	701,876	14,260,894	13,639,262
Excess (Deficiency) of Support and Revenues Over Expenses	<u>\$ (1,407,991)</u>	<u>\$ 172,106</u>	<u>\$ 1,995,194</u>	<u>\$ (701,876)</u>	<u>\$ 57,433</u>	<u>\$ 408,432</u>
Fund Balances						
Fund Balance at Beginning of Year	\$ 3,972,197	\$ 0	\$ 1,826,384	\$ 2,602,136	\$ 8,400,717	\$ 7,992,285
Excess (Deficiency) of Support and Revenues Over Expenses	(1,407,991)	172,106	1,995,194	(701,876)	57,433	408,432
Interfund Transfer for Equipment Acquisition	(213,782)	(172,106)	0	385,888	0	0
Interfund Donation	1,760,626	0	(1,760,626)	0	0	0
Fund Balance at End of Year	\$ 4,111,050	\$ 0	\$ 2,060,952	\$ 2,286,148	\$ 8,458,150	\$ 8,400,717

The accompanying notes are an integral part of this statement.

WHA Television
A Public Telecommunications Entity
Operated by the University of Wisconsin-Extension
Statement of Cash Flows
for the Year Ended June 30, 2000

	Operating Funds	Friends of WHA-TV, Inc.	Property Fund	Total 1999-2000	Total 1998-1999
Cash Flows from Operating Activities					
Excess (Deficiency) of Support and Revenues Over Expenses	\$ (1,235,885)	\$ 1,995,194	\$ (701,876)	\$ 57,433	\$ 408,432
Adjustments to Reconcile Excess Revenues Over Expenses to Net Cash Provided by Operating Activities:					
Depreciation	0	1,652	330,105	331,757	537,367
Unrealized gain on investments	(54,713)	(99,315)	0	(154,028)	(96,466)
Realized gain on investments	(47,786)	(111,192)	0	(158,978)	(6,381)
Changes in Cash Due to:					
(Increase) decrease in grants and contracts receivable	(404,613)	0	0	(404,613)	1,088,547
(Increase) decrease in accounts and interest receivable	(23,457)	(40,502)	0	(63,959)	(41,276)
(Increase) decrease in accounts receivable - ECB	108,456	0	0	108,456	(389,522)
(Increase) decrease in contributions receivable	0	(11,926)	0	(11,926)	4,573
(Increase) decrease in due from the University of Wisconsin System	105,090	0	0	105,090	636,926
(Increase) decrease in interfund receivable	(424,575)	424,575	0	0	0
(Increase) decrease in film rights	0	0	0	0	2,505
(Increase) decrease in prepaid expense	(7,586)	(67,650)	0	(75,236)	(2,944)
Increase (decrease) in accounts payable and accrued expenses	(17,260)	20,646	0	3,386	169,267
Increase (decrease) in due to the University of Wisconsin System	311,840	0	0	311,840	75,991
Increase (decrease) in deferred support	445,570	97,735	0	543,305	(1,117,783)
Net Cash Provided (Used) by Operating Activities	(1,244,919)	2,209,217	(371,771)	592,527	1,269,236
Cash Flows from Noncapital Financing Activities					
Interfund Donations	1,760,626	(1,760,626)	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	1,760,626	(1,760,626)	0	0	0
Cash Flows from Capital and Related Financing Activities					
Sale (Purchase) of Property and Equipment	0	0	(14,117)	(14,117)	(332,415)
Interfund Transfer for Equipment Acquisition	(385,888)	0	385,888	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(385,888)	0	371,771	(14,117)	(332,415)
Cash Flows from Investing Activities					
Proceeds from Sale of Long-term Investments	659,845	386,219	0	1,046,064	261,132
Purchase of Long-term Investments	(858,064)	(533,515)	0	(1,391,579)	(953,864)
Purchase of Short-term Investments	0	(8,891)	0	(8,891)	(7,707)
Net Cash (Used) by Investing Activities	(198,219)	(156,187)	0	(354,406)	(700,439)
Increase (Decrease) in Cash and Cash Equivalents	(68,400)	292,404	0	224,004	236,382
Cash and Cash Equivalents					
Beginning of Year	68,400	471,417	0	539,817	303,435
End of Year	\$ 0	\$ 763,821	\$ 0	\$ 763,821	\$ 539,817

The accompanying notes are an integral part of this statement.

1. Summary of Significant Accounting Policies

- A. Organization - WHA Television is licensed to the Board of Regents of the University of Wisconsin System and is operated by the University of Wisconsin-Extension. The financial statements include the accounts of the Friends of WHA-TV, Inc. (the Friends). The Friends solicit funds in the name of, and with the approval of, WHA Television. Funds are distributed by the Friends to WHA Television in amounts determined by the Board of the Friends (of which the WHA Television Manager is a member). The timing and the purpose for which such distributions are to be used are controlled by the Friends. All significant inter-organization accounts and transactions have been eliminated.
- B. Basis of Presentation - The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). As permitted by GASB, WHA Television follows the American Institute of Certified Public Accountants (AICPA) not-for-profit model, which includes the accounting and financial reporting principles contained in AICPA's Statement of Position (SOP) 78-10, *Accounting Principles and Reporting Practices for Certain Nonprofit Organizations*, as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements. In addition, the accompanying financial statements are prepared in conformity with the provisions of the Corporation for Public Broadcasting's *Accounting and Financial Reporting for Public Telecommunications Entities* (1990 ed.), as amended by its *Supplemental Guide* (1996 ed.)
- C. Fund Accounting - The assets, liabilities, and fund balances of WHA Television are reported in three fund groups, which use the flow of economic resources measurement focus and the accrual basis of accounting:
- Operating Funds - include restricted and unrestricted resources used to support WHA Television's operations.
 - Property Fund - includes the resources expended for property and equipment.
 - The Friends Fund - includes resources restricted for use by that organization for the benefit of WHA Television.

- D. Revenue Recognition - Contributions, pledges, and grants that are unrestricted as to use are recorded as support in the statement of financial activity when WHA Television is entitled to receive the revenue.

Restricted resources of WHA Television are those that are to be used for specific programming, broadcasts, or acquisitions. The unexpended portion of restricted grants is reported on the balance sheet as deferred support until the related expenses have been incurred.

The membership contributions of the Friends are not refundable and are recognized as income in the year earned. The Friends also recognize revenue for contributions pledged during the year that are not yet received at fiscal year-end, but are expected to be collected within one year.

- E. Due to (from) the University - Substantially all contributions and grant funds received by WHA Television are deposited with the University of Wisconsin System until the related expenses are incurred. In addition, expenses related to certain contributions and grants may be incurred by the University of Wisconsin System prior to receipt of funding from the granting agency. The receivable or payable that results is reflected in the balance sheet.
- F. Allocation of Expenses to Functional Categories - Expenses are classified in functional categories. Expenses that relate to more than one category are allocated to the respective categories, using estimates as necessary.
- G. Cash and Cash Equivalents - Cash and cash equivalents in WHA Television's unrestricted fund include cash balances deposited with the State Treasurer and shares in the State Investment Fund, a short-term investment pool of state and local funds. Cash and cash equivalents in the Friends fund include cash deposits with financial institutions.
- H. Valuation of Investments - All investments of WHA Television and the Friends are carried at fair value based on quoted market prices. State Investment Fund shares are valued at amortized cost, which approximates fair value. As of June 30, 2000, the fair value of these pool shares was 99.674 percent of amortized cost.
- I. Property and Equipment - Items classified as fixed assets are recorded at cost or, for donated property, at the estimated fair-market value at date of receipt. Assets with values in excess of \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 15 years. Expenses for repairs and maintenance are charged to operating expenses as incurred.

- J. Employee Compensated Absences - Unused, earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. The related employer's share of social security taxes, Medicare taxes, and contributions to the Wisconsin Retirement System are also accrued with a resulting liability. The liability and the expense for compensated absences are based on current rates of pay.
- K. Prior-year Financial Statements - The financial information shown for fiscal year (FY) 1998-1999 in the accompanying financial statements presents summarized totals and is included to provide a basis for comparison with FY 1999-2000.

2. **Deposits and Investments**

- A. Deposits - GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of credit risk assumed. These risk categories are: 1) insured or collateralized, with securities held by the entity, or held by its agent, in the entity's name; 2) collateralized, with securities held by the financial institution's trust department, or the entity's agent, in the entity's name; and 3) uninsured or uncollateralized, with the securities not held by the entity or in the entity's name.

Cash and cash equivalents in WHA Television's unrestricted fund are in the custody of the State of Wisconsin Treasurer and are invested through the State Investment Fund, a short-term pool of state and local funds managed by the State of Wisconsin Investment Board with oversight by its Board of Trustees and Wisconsin Statutes. The State Investment Fund is not registered with the Securities and Exchange Commission as an investment company. WHA Television did not have a deposit with the State Investment Fund at June 30, 2000.

The Friends maintain a cash deposit balance at one financial institution. The account is insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2000, the Friends' uninsured deposit balance was \$747,730.

- B. Investments - WHA Television's investments consisted of the following at June 30, 2000:

	<u>Carrying Fair Value</u>	<u>Cost</u>
Intermediate-term Pooled Bond Funds	\$1,624,429	\$1,652,069
Long-term Pooled Bond and Equity Funds	<u>1,590,990</u>	<u>1,382,850</u>
	<u>\$3,215,419</u>	<u>\$3,034,919</u>

The Friends' investments consisted of the following:

	<u>Carrying Fair Value</u>	<u>Cost</u>
Money Market Fund	\$ 227,767	\$ 227,767
Fixed Income Funds	574,871	588,220
Equity Mutual Funds	<u>1,431,069</u>	<u>1,069,704</u>
	<u>\$2,233,707</u>	<u>\$1,885,691</u>

All investments of WHA Television and the Friends are in pooled funds and, therefore, are not required to be categorized for credit risk under GASB Statement 3.

3. Donated Facilities and Administrative Support from the University of Wisconsin System

Donated facilities from the University of Wisconsin System consist of physical plant operating costs of \$452,678 and occupancy costs of \$233,170 for FY 1999-2000. Such contributions are recorded at the University of Wisconsin System's cost of providing them. Administrative support from the University of Wisconsin System consists of allocated financial and administrative costs incurred by the University of Wisconsin System on behalf of WHA Television. Administrative support provided in FY 1999-2000 totaled approximately \$1,656,783.

4. Changes in Deferred Support

Beginning-of-year balance	\$ 603,724
(-) Prior-year earned	(453,666)
+ Additions	<u>996,971</u>
End-of-year balance	<u>\$1,147,029</u>

5. Employee Retirement Plan

Permanent and qualifying limited-term employees of WHA Television are participants in the Wisconsin Retirement System, a cost-sharing, multiple-employer, defined benefit plan governed by Chapter 40 of Wisconsin Statutes. State and local government public employees are entitled to an annual formula retirement benefit based on: 1) the employee's final average earnings; 2) years of creditable service; and 3) a formula factor. If an employee's contributions, matching employer's contributions, and interest credited to the employee's account exceed the value of the formula benefit, the retirement benefit may instead be calculated as a money purchase benefit.

The Wisconsin Retirement System is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information for the year ending December 31, 1999, may be obtained by writing to:

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

Generally, the State's policy is to fund retirement contributions on a level-percentage-of-payroll basis to meet normal and prior service costs of the Wisconsin Retirement System. Prior service costs are amortized over 40 years, beginning January 1, 1990. The retirement plan requires employee contributions equal to specified percentages of qualified earnings based on the employee's classification, plus employer contributions at a rate determined annually. WHA Television's contributions to the plan were \$677,060 for FY 1999-2000. The relative position of WHA Television in the Wisconsin Retirement System is not available, since the system is a statewide, multi-employer plan.

6. Temporarily Restricted Fund Balance

During the year ended June 30, 1999, the Friends received an interest in a charitable remainder trust, which provides for the payment of distributions to the donor and the donor's spouse until their deaths. At the end of the trust's term, the remaining assets are available for the Friends' use. The present value of the estimated future benefits as of June 30, 2000, is \$71,570 and is calculated using a discount rate of 7 percent and applicable mortality rate tables. The change in the present value of the future benefits to be received by the Friends is recorded in the statement of activity.

7. Designation of Unrestricted Fund Balance

The management of the Friends has designated \$346,778 of the unrestricted fund balance that represents the unrestricted portion of endowment funds for future program production and acquisition. In addition, \$50,000 has been designated to the Fund for Wisconsin for future programming and production.

8. Related Entities

The Educational Communications Board Television Network is a public telecommunications entity operated by the Wisconsin Educational Communications Board (ECB). In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the University of Wisconsin Board of Regents developed partnerships called Wisconsin Public Radio and Wisconsin Public Television to manage and operate their licenses. The partnerships are maintained through an affiliation agreement outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Television and Wisconsin Public Radio), and financial commitments of the partners. The Directors of Wisconsin Public Television and Wisconsin Public Radio are jointly appointed by ECB and the University of Wisconsin Board of Regents. Staff and resources from both agencies work together to provide administrative and program services. Amounts due to or from the affiliated parties are separately disclosed on the balance sheet. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements.

9. Fixed Asset Lien

Federal grant funds received from National Telecommunications and Information Administration (NTIA) to purchase equipment contain a priority lien. The lien extends for a period of ten years, during which time the federal government retains priority reversionary interest in the equipment. WHA has five NTIA

capital equipment grants received between FY 1991-92 and FY 1998-99.
The depreciated value of equipment purchased with NTIA funds is \$219,888
as of June 30, 2000.

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

We have audited the financial statements of WHA Television as of and for the year ended June 30, 2000, and have issued our report thereon dated January 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Friends of WHA-TV, Inc., were audited in accordance with generally accepted auditing standards, but not in accordance with the additional requirements of *Government Auditing Standards*. The statements of Friends of WHA-TV, Inc., were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WHA-TV, Inc., is based solely on the report of the other auditors.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WHA Television's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Regents, the University of Wisconsin Extension, the Wisconsin Legislature, and the Corporation for Public Broadcasting. This restriction is not intended to limit the distribution of this report, which, upon submission to the Joint Legislative Audit Committee, is a public document. However, because we do not express an opinion on compliance or provide assurance on internal control over financial reporting, this report is not intended to be used by anyone other than these specified parties.

LEGISLATIVE AUDIT BUREAU

January 23, 2001

by

Diann Allsen
Audit Director