

AN AUDIT

WHA Television

99-23

December 1999

1999-2000 Joint Legislative Audit Committee Members

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State Auditor - Janice Mueller

Editor of Publications - Jeanne Thieme

Audit Prepared by

Diann Allsen, Director and Contact Person
Karen Durst
Stephanie Zinkie

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg Audit Info@legis.state.wi.us

December 30, 1999

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

Mr. San W. Orr, Jr.
President of the Board of Regents
University of Wisconsin
Madison, Wisconsin 53706

Dear Senator George, Representative Kelso, and Mr. Orr:

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 \$14.0 million in support and revenue during fiscal year 1998-99, including state support, member contributions, funding from the Corporation of Public Broadcasting, and various other grants.

Our audit report contains WHA Television's financial statements and related notes for the period July 1, 1998 through June 30, 1999. 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/ao

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, 1999, 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 19.0 percent of total assets and 21.8 percent of total support and revenues. 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.

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. 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 the 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 and the results of its operations and changes in fund balances of its fund types 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, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The required supplementary information on year 2000 is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standard Board technical bulletin 99-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that WHA Television is or will become year 2000 compliant, that

WHA Television's year 2000 remediation efforts will be successful in whole or in part, or that parties with which WHA Television does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we also will issue a report dated December 17, 1999 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

December 17, 1999 by

Diann Allsen
Audit Director

WHA Television
A Public Telecommunications Entity
Operated by the University of Wisconsin-Extension
Balance Sheet
June 30, 1999

Statement 1

Assets	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Friends of WHA-TV, Inc.</u>	<u>Property Fund</u>	<u>Total June 30, 1999</u>	<u>Total June 30, 1998</u>
Current Assets:						
Cash and cash equivalents (Note 3)	\$ 68,400	\$ 0	\$ 471,417	\$ 0	\$ 539,817	\$ 303,435
Grants and contracts receivable	0	1,103,264	0	0	1,103,264	2,191,811
Accounts and interest receivable (net)	228,090	0	113,658	0	341,748	300,472
Accounts receivable-ECB (Note 9)	530,893	225,010	0	0	755,903	366,381
Contributions receivable	0	0	59,644	0	59,644	64,217
Due from the University of Wisconsin	105,090	0	0	0	105,090	742,016
Interfund receivable (payable)	561,516	0	(561,516)	0	0	0
Film rights	0	0	0	0	0	2,505
Prepaid expenses	45,753	0	15,783	0	61,536	58,592
Total Current Assets	1,539,742	1,328,274	98,986	0	2,967,002	4,029,429
Investments (Note 3)	2,914,701	0	1,867,013	0	4,781,714	3,978,428
Property and Equipment:						
Production equipment	0	0	0	6,978,053	6,978,053	6,645,638
Transmission equipment	0	0	0	1,511,825	1,511,825	1,511,825
Furniture and fixtures	0	0	56,423	406,618	463,041	463,041
Vehicles	0	0	0	103,897	103,897	103,897
Total Property and Equipment	0	0	56,423	9,000,393	9,056,816	8,724,401
Less-Accumulated Depreciation	0	0	(54,476)	(6,398,257)	(6,452,733)	(5,915,366)
Net Property and Equipment	0	0	1,947	2,602,136	2,604,083	2,809,035
Total Assets	\$ 4,454,443	\$ 1,328,274	\$ 1,967,946	\$ 2,602,136	\$ 10,352,799	\$ 10,816,892
Liabilities and Fund Balances						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 482,246	\$ 150,960	\$ 113,820	\$ 0	\$ 747,026	\$ 577,759
Due to the University of Wisconsin	0	601,332	0	0	601,332	525,341
Deferred support (Note 5)	0	575,982	27,742	0	603,724	1,721,507
Total Current Liabilities	482,246	1,328,274	141,562	0	1,952,082	2,824,607
Fund Balances:						
Unrestricted fund balance (Note 8)	3,972,197	0	1,766,740	0	5,738,937	5,122,790
Temporarily restricted (Note 7)	0	0	59,644	0	59,644	64,217
Net investment in property and equipment	0	0	0	2,602,136	2,602,136	2,805,278
Total Fund Balances	3,972,197	0	1,826,384	2,602,136	8,400,717	7,992,285
Total Liabilities and Fund Balances	\$ 4,454,443	\$ 1,328,274	\$ 1,967,946	\$ 2,602,136	\$ 10,352,799	\$ 10,816,892

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, 1999

	Unrestricted Fund	Restricted Fund	WHA-TV, Inc.	Property Fund	Total 1998-99	Total 1997-98
Support and Revenue						
State General Appropriation	\$ 3,397,502	\$ 0	\$ 0	\$ 0	\$ 3,397,502	\$ 3,523,716
State Building Trust Funds	0	33,044	0	0	33,044	75,805
Donated Facilities and Administrative Support from the University of Wisconsin (Note 4)	2,394,362	0	0	0	2,394,362	2,079,626
Community Services Grant-CPB	786,043	0	0	0	786,043	767,495
Other Grants	532,757	2,238,964	0	0	2,771,721	2,473,981
Telecasting, Production, and Other Income	1,398,475	0	454,984	0	1,853,459	1,211,115
Membership Income	0	0	2,029,855	0	2,029,855	1,987,582
Auction Income	0	0	422,933	0	422,933	488,945
Investment Income	209,001	0	149,774	0	358,775	423,849
Total Support and Revenue	8,718,140	2,272,008	3,057,546	0	14,047,694	13,032,114
Expenses						
Program Services:						
Programming and production	5,298,212	1,300,662	105,189	427,662	7,131,725	7,661,118
Broadcasting	225,419	25,337	0	103,521	354,277	411,019
Program information	1,168,120	838,113	73,242	4,374	2,083,849	1,301,265
Total Program Services	6,691,751	2,164,112	178,431	535,557	9,569,851	9,373,402
Support Services:						
Management and general	2,538,649	1,038	118,037	0	2,657,724	2,432,183
Fund-raising and membership development	330,654	49,758	1,031,275	0	1,411,687	1,068,633
Total Support Services	2,869,303	50,796	1,149,312	0	4,069,411	3,500,816
Total Expenses	9,561,054	2,214,908	1,327,743	535,557	13,639,262	12,874,218
Excess (Deficiency) of Support and Revenues Over Expenses	<u>\$ (842,914)</u>	<u>\$ 57,100</u>	<u>\$ 1,729,803</u>	<u>\$ (535,557)</u>	<u>\$ 408,432</u>	<u>\$ 157,896</u>
Fund Balances						
Fund Balance at Beginning of Year	\$ 3,485,422	\$ 0	\$ 1,701,585	\$ 2,805,278	\$ 7,992,285	\$ 7,589,450
Prior-period Corrections (Note 10)	0	0	0	0	0	105,398
Cumulative Effect of Accounting Change (Note 2)	0	0	0	0	0	139,541
Adjusted Beginning Fund Balance	3,485,422	0	1,701,585	2,805,278	7,992,285	7,834,389
Excess (Deficiency) of Support and Revenues Over Expenses	(842,914)	57,100	1,729,803	(535,557)	408,432	157,896
Interfund Transfer for Equipment Acquisition	(275,315)	(57,100)	0	332,415	0	0
Interfund Donation	1,605,004	0	(1,605,004)	0	0	0
Fund Balance at End of Year	\$ 3,972,197	\$ 0	\$ 1,826,384	\$ 2,602,136	\$ 8,400,717	\$ 7,992,285

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, 1999

	Operating Funds	Friends of WHA-TV, Inc. Fund	Property Fund	Total 1998-99	Total 1997-98
Cash Flows from Operating Activities					
Excess (Deficiency) of Support and Revenues Over Expenses	\$ (785,814)	\$ 1,729,803	\$ (535,557)	\$ 408,432	\$ 157,896
Adjustments to Reconcile Excess Revenues Over Expenses to Net Cash Provided by Operating Activities:					
Depreciation	0	1,810	535,557	537,367	704,906
Unrealized gain on investments	(50,129)	(46,337)	0	(96,466)	(157,992)
Realized gain on investments	0	(6,381)	0	(6,381)	(3,879)
Changes in Cash Due to:					
(Increase) decrease in grants and contracts receivable	1,088,547	0	0	1,088,547	(438,369)
(Increase) decrease in accounts and interest receivable	(45,161)	3,885	0	(41,276)	(264,823)
(Increase) decrease in accounts receivable - ECB	(389,522)	0	0	(389,522)	(229,575)
(Increase) decrease in contributions receivable	0	4,573	0	4,573	(64,217)
(Increase) decrease in due from the University of Wisconsin	636,926	0	0	636,926	(362,449)
(Increase) decrease in interfund receivable	(330,022)	330,022	0	0	0
(Increase) decrease in film rights	2,505	0	0	2,505	33,158
(Increase) decrease in prepaid expense	(3,308)	364	0	(2,944)	1,051
Increase (decrease) in accounts payable and accrued expenses	261,885	(92,618)	0	169,267	(63,092)
Increase (decrease) in due to the University of Wisconsin	75,991	0	0	75,991	525,341
Increase (decrease) in deferred support	(1,145,525)	27,742	0	(1,117,783)	423,202
Net Cash Provided (Used) by Operating Activities	(683,627)	1,952,863	0	1,269,236	261,158
Cash Flows from Noncapital Financing Activities					
Inter-fund Donations	1,605,004	(1,605,004)	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	1,605,004	(1,605,004)	0	0	0
Cash Flows from Capital and Related Financing Activities					
Purchase of Property and Equipment	0	0	(332,415)	(332,415)	(333,312)
Interfund Transfer for Equipment Acquisition	(332,415)	0	332,415	0	0
Net Cash (Used) by Capital and Related Financing Activities	(332,415)	0	0	(332,415)	(333,312)
Cash Flows from Investing Activities					
Net Sale, Maturity, (Purchase) of Other Investments	(642,454)	(57,985)	0	(700,439)	(133,358)
Net Cash (Used) by Investing Activities	(642,454)	(57,985)	0	(700,439)	(133,358)
Increase (Decrease) in Cash and Cash Equivalents	(53,492)	289,874	0	236,382	(205,512)
Cash and Cash Equivalents					
Beginning of Year	121,892	181,543	0	303,435	508,947
End of Year	\$ 68,400	\$ 471,417	\$ 0	\$ 539,817	\$ 303,435

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. Organization - WHA Television (the Station) is licensed to the Board of Regents of the University of Wisconsin (UW) System. The financial statements include the accounts of the Friends of WHA-TV, Inc. The Friends solicit funds in the name of, and with the approval of, the Station. Funds are distributed by the Friends to the Station in amounts determined by the Board of the Friends (of which the Station 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 the Station 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 the Station's operations.
 - Property Fund - includes the resources expended for property and equipment.
 - Friends of WHA-TV, Inc., Fund - includes resources restricted for use by that organization for the benefit of the Station.

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

Restricted resources of the Station 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 fees 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 but not yet received at fiscal year-end.

- E. Due to (from) the University - Substantially all contributions and grant monies received by the Station are deposited with the University of Wisconsin until the related expenses are incurred. In addition, expenses related to certain contributions and grants may be incurred by the University of Wisconsin 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 the Station'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 of WHA-TV, Inc., fund include cash deposits with financial institutions.
- H. Valuation of Investments - All investments of the Station and Friends of WHA-TV, Inc., 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, 1999, the fair value of these pool shares was 99.45 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. Employe 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) 1997-98 in the accompanying financial statements present summarized totals and is included to provide a basis for comparison with FY 1998-99.

2. Accounting Changes

In FY 1997-98, WHA Television implemented GASB Statement 31: *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires WHA Television to report its investments at fair value in its balance sheet, and changes in fair value in investment income. The cumulative effect for years prior to FY 1997-98 is shown as a restatement of the beginning fund balance in the amount of \$139,541.

3. Deposits and Investments

- A. Deposits - Cash and cash equivalents of \$68,400 in the Station'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.

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.

Since shares in the State Investment Fund are purchased in \$1,000 increments, WHA Television cash balances below \$1,000 remain on deposit in the State's bank. At June 30, 1999, the balance invested in the State's bank was in risk category 1.

The Friends of WHA-TV, Inc., 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, 1999, the Friends' uninsured deposit balance was \$473,820.

B. Investments - The Station's investments consisted of the following at June 30, 1999:

	<u>Carrying Fair Value</u>	<u>Cost</u>
Intermediate-term Pooled Bond Funds	\$1,382,308	\$1,398,879
Long-term Pooled Bond and Equity Funds	<u>1,532,393</u>	<u>1,371,230</u>
	<u>\$2,914,701</u>	<u>\$2,770,109</u>

The Friends of WHA-TV, Inc.'s investments consisted of the following:

	<u>Carrying Fair Value</u>	<u>Cost</u>
Money Market Fund	\$ 212,313	\$ 212,313
Fixed Income Funds	420,553	426,815
Equity Mutual Funds	<u>1,234,147</u>	<u>979,183</u>
	<u>\$1,867,013</u>	<u>\$1,618,311</u>

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

4. Donated Facilities and Administrative Support from the University of Wisconsin

Donated facilities from the University of Wisconsin consist of physical plant operating costs of \$608,144 and occupancy costs of \$88,920 for FY 1998-99. Such contributions are recorded at the University's cost of providing them. Administrative support from the University of Wisconsin consists of allocated financial and administrative costs incurred by the University on behalf of the Station. Administrative support provided in FY 1998-99 totaled approximately \$1,697,298.

5. Changes in Deferred Support

Beginning-of-year balance	\$1,728,977
(-) Prior-year earned	(1,557,533)
+ Additions	<u>432,280</u>
End-of-year balance	<u>\$ 603,724</u>

6. Employee Retirement Plan

Permanent, full-time employees of the Station 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, 1998, 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 \$659,283 for FY 1998-99 and \$653,974 for 1997-98. The relative position of WHA Television in the Wisconsin Retirement System is not available, since the system is a statewide, multi-employer plan.

7. Temporarily Restricted Fund Balance

During the year ended June 30, 1998, the Friends of WHA-TV, Inc., 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, 1999, of \$59,644 is calculated using a discount rate of 7 percent and applicable mortality rate tables.

8. Designation of Unrestricted Fund Balance

The management of the Friends of WHA-TV, Inc., has designated \$271,896 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 for Fund for Wisconsin for future programming and production.

9. Related Entities

The Educational Communications Board Television Network is a public telecommunications entity operated by the Educational Communications Board (ECB). In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the UW Board of Regents developed a partnership called Wisconsin Public Broadcasting to manage and operate their licenses. The partnership is maintained through an affiliation agreement outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Radio and Wisconsin Public Television), and financial commitments of the partners. The Directors of Wisconsin Public Television and Wisconsin Public Radio are jointly appointed by ECB and the UW Board of Regents. Staff and resources from both agencies work together to provide administrative and program services. Amounts due to or from 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.

10. Prior-Period Correction

FY 1997-98 financial data, presented for comparative purposes, have been restated and the beginning fund balance has been adjusted to accrue revenues owed to WHA Television by ECB. ECB collects underwriting revenues on behalf of WHA Television and remits them as requested by WHA Television. At the end of each fiscal year between FY 1990-91 and FY 1997-98, WHA Television did not recognize revenues and set up a receivable for any amounts collected but not yet remitted by ECB. The FY 1997-98 comparative information has been restated to correct for the prior-period correction. The July 1, 1997 fund balance has been increased by \$105,398, and revenue has been increased by \$124,177. The net

effect of the prior-period correction is to increase the unrestricted fund balance at June 30, 1998, by \$229,575.

Technical issues associated with the arrival of the year 2000 have the potential of disrupting certain types of business and operational activities that rely heavily on computer systems. The usage of two digits (i.e., 99) to represent the year in many older computer programs, data files, or chips may be recognized incorrectly when the year 2000 arrives. To eliminate the problem, all software, data, and hardware that relies on a two-digit field to represent the year must be converted to four digits prior to December 31, 1999.

The Station has identified the applications that are most critical to its operations and are required to be year 2000 compliant. The mission-critical applications include those systems that involve TV project accounting systems and a database of volunteers.

The Station has subjected internal systems that are mission critical to the following process to address year 2000 compliance:

- awareness stage—identification of a project plan for dealing with year 2000 issues;
- assessment stage—identification of the systems and components for which year 2000 work is needed;
- remediation stage—modification to systems and equipment; and
- validation/testing stage—validation and testing of the changes that were made during the remediation stage.

WHA Television has completed all stages. The Station identified potential year 2000 problems for two database applications that currently reside on a WANG VS: TV project accounting systems, which are used for managing and invoicing projects, and a database that maintains information on volunteers. The TV project accounting was moved to an accounting software package called Schedu-All, and the volunteer database was moved to a software package called Volunteerworks. Both of these software packages are year 2000 compliant.

Most of the administrative computing used by WHA Television, such as for accounting, payroll, and endowment activities, is maintained by UW System or UW-Extension. They have reviewed their systems in response to a mandate from the State of Wisconsin Department of Administration and the UW System President. Neither UW System nor UW-Extension has identified year 2000 problems that would materially affect the operations of WHA Television.

WHA Television cannot provide absolute assurances that all year 2000 problems will be corrected by January 1, 2000, nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some year 2000 problems will not be identified or corrected by January 1, 2000. However, the Station believes that the actions it has completed should minimize such potential problems, especially for critical business applications.
