

**KCWC – TV**  
**A/K/A WYOMING PBS**  
**(A PUBLIC TELECOMMUNICATIONS ENTITY**  
**OPERATED BY CENTRAL WYOMING COLLEGE)**

**FINANCIAL REPORT**

**JUNE 30, 2013**

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**INDEPENDENT AUDITOR’S REPORT**

To the Board of Trustees  
Central Wyoming College  
KCWC – TV, a/k/a Wyoming PBS  
Riverton, Wyoming

**Report on the Financial Statements**

We have audited the accompanying financial statements of KCWC – TV, a/k/a Wyoming PBS (the “Station”), a public telecommunications entity operated by, and a fund of, Central Wyoming College (the “College”), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which comprise the Station’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.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Wyoming Public Television Foundation (the “Foundation”), which are discretely presented on pages 11 and 12. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’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 entity’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 opinion.

***Opinion***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Station and the discretely presented component unit as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows 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 Station and do not purport to, and do not, present fairly the financial position of Central Wyoming College, as of June 30, 2013, the changes in financial position or, where applicable, its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America, our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Station's basic financial statements. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McGee, Heurne & Paiz, LLP*

Cheyenne, Wyoming  
November 13, 2013

**KCWC-TV**  
**A/K/A Wyoming PBS**  
**(also operating as Wyoming Public Television)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Years ended June 30 2013 and 2012**

This section represents management's discussion and analysis of Wyoming Public Television's (WPTV) financial activity for the fiscal years ended June 30, 2013 and compared to the fiscal year 2012. WPTV is a fund of Central Wyoming College (CWC) and is included as part of CWC's financial statements. This financial report is prepared on the accrual basis as opposed to the operating financial reports of WPTV which are prepared on a budgetary basis. Under the accrual basis of accounting, revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Each is relevant to their respective purpose. This report was prepared by WPTV management and should be read in conjunction with the financial statements and footnotes. Responsibility for the completeness of and fairness of this information rests with WPTV.

**Using this annual report.**

The financial statements focus on WPTV as a whole vs the traditional presentation by fund type. WPTV's financial statements are designed to emulate corporate presentation models whereby all WPTV activities are consolidated into one total comparative analysis, with FY 2012 also included for comparison.

The Statements of Net Position includes all assets, liabilities and net position (assets minus liabilities) of WPTV. This statement combines and consolidates current financial resources with capital assets.

The Statements of Revenues, Expenses and Changes in Net Position focuses on both the gross costs and the net costs of WPTV's activities, which are supported mainly by state appropriations, grants and contracts from federal, state and other sources. This statement is intended to summarize and simplify the user's analysis of the cost of the various services which WPTV provides to its service area.

The Statements of Cash Flows presents cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities.

This report is intended to support and supplement the financial statements to provide a comprehensive summary.

## **Overview:**

For WPTV, FY 2013 was very similar in operational activities to the last two years. WPTV maintains a broadcast and multimedia service across the State of Wyoming with two broadcast channels, a high definition and a standard definition channel, as well as a website which provides streaming, online video, program information, a shop site for local productions and other resources and educational content. These services are available to the state's citizens 24 hours per day, 365 days per year.

In 1983, when KCWC-TV (now known as Wyoming Public Television or WPTV), signed on the air, it was broadcasting only to residents of Fremont County, Wyoming using one analog transmitter. From 1983 to 2001, through grants and donations, the station gradually built out its analog broadcast system to reach about 85% of Wyoming's citizens. After Congress passed the Telecommunications Act of 1996 requiring all broadcasters to be broadcasting a digital signal by the deadline of December 31, 2006, WPTV began its digital transition, which required overbuilding its entire analog system with digital equipment. With state grants from the Wyoming legislature and federal grants from the U.S. Department of Commerce (Public Telecommunications Facilities Program, aka "PTFP") and the U.S. Department of Agriculture (Rural Utilities Service, aka "RUS"), WPTV eventually replaced its entire analog state network with an all-digital broadcast system, including master control, studio and production control, a satellite uplink production truck, transmitters, microwave sites and translators. (also see "Nature of Operations" for additional history of WPTV).

Because of this mandated digital transition, there were large infusions of cash and assets into WPTV in the years 2001-2012, as the station utilized federal and state funding, as well as contributions from private sources, to upgrade its broadcast facilities and distribution system. The station basically converted all the grants and cash into digital equipment. However, in 2011, the federal funding sources to replace public television equipment began to dry up, as Congress sought to reduce the federal deficit and eliminated those two grant programs (PTFP and RUS) which public television had relied on for decades.

In fact, WPTV received one of the last PTFP grants in 2011 and was able to replace its 10-year old video server in master control in 2012. This was the last federal equipment grant received by WPTV. In terms of state digital funding, WPTV received its last digital capital equipment grant from the Wyoming Legislature in 2011 (actual funding didn't come to the budget until FY 2012), when the state legislature funded the final phase of the high definition upgrade for the satellite uplink production truck. These two grants were the last major digital equipment grants received by WPTV. Currently our station priorities are to maintain our digital statewide broadcast system and production facilities in as high as quality as possible, upgrading pieces of equipment as funding permits.

## SUMMARY OF OPERATIONS

With the installation of a new video server and the HD upgrade to the production truck completed in late 2012, engineering turned to decommissioning two analog tower sites and maintaining its facilities in FY 2013. The U.S. Forest Service required the station to complete site reclamation on an analog site near Saratoga, Wyoming ("Silverlake") which was in a roadless area, at 10,000 feet in elevation. In order to do the work, the station had to go in by snowcat in winter, tear down and haul out a building, as well as complete the removal of forty, 200 pound batteries, cabling, tower, and other equipment. This was done in February 2013. One other analog site was also reclaimed this fiscal year - removing buildings, cabling, and towers. In addition to site reclamation, engineering was also busy replacing damaged microwave dishes, broken antennas, installing equipment in master control for a new emergency warning system (funded by Congress 3 years ago); and the NRT system for station interconnection with PBS (funded by Congress 6 years ago, but the station only recently received this equipment).

In production, the station revamped its public affairs series "Wyoming Chronicle" to a thematic half-hour, completing 23 half-hour programs and one 60-minute music performance, "Christmas at St. Mary's". The station also produced 8 half-hour programs for "Capitol Outlook", which is a weekly legislative report produced from Cheyenne while the state legislature is in session; a one-hour "State of the State" message featuring Governor Mead; 3 one-hour live call-in programs on issues of public interest, which included a "one on one with Governor Mead"; two one-hour debates (U.S. House and U.S. Senate races), a one-hour documentary on the Union Pacific railroad crossing Wyoming called "End of Track"; a half-hour Main Street, Wyoming on South Pass, a half-hour documentary "Farm to Fork" about Wyoming ranching and agriculture, and a half-hour documentary on Native American antiquities ("Lived History"), totaling 26 hours of local programming for broadcast. The station also produced 7 hours of programming which were "webcast" only, for a total of 33 hours of local content.

In education initiatives, the station continued its effort to provide training for Wyoming's early childcare providers. The station's Ready to Learn coordinator conducted 30 workshops in towns across Wyoming to train providers in early literacy, conflict resolution, preventing childhood obesity, toddler language development and storytelling; she also did an early literacy tour to libraries in 21 different towns in Wyoming promoting books and reading. WPTV continues to work with K-12 teachers to promote the PBS Learning Media database, and the station aired four telecourses in conjunction with the state's community colleges, providing college credit for a Spanish class, two history classes and a music class.

The station also conducted an outreach tour in February, 2013, in four towns (Cheyenne, Laramie, Rock Springs and Evanston), screening the new documentary "End of Track", and hosting panel discussions with local historians and the producer of the series. Those discussions were videotaped and also offered online.

The WPTV Foundation had a much better year in FY 2013, as the Foundation hired a new director in July, 2012, and the station was able to deposit an additional \$40,000 into the state production endowment by June 30, 2013. The corpus of the state production endowment at the end of FY 2013 was \$2,280,684.38; and that endowment yielded \$52,807.82 in interest for local production efforts. An additional \$49,220 was received from the Foundation by WPTV, and that gift was split across station accounts for promotion and acquisition of programming from providers other than PBS.

#### STATEMENTS OF NET POSITION

	2013	2012	2011
<b>ASSETS</b>			
Current Assets	\$ 2,445,055	\$ 2,382,399	\$ 2,604,267
Noncurrent Assets	4,139,805	5,275,482	5,924,025
Total Assets	<u>6,584,860</u>	<u>7,657,881</u>	<u>8,528,292</u>
<b>LIABILITIES</b>			
Current Liabilities	272,930	304,168	549,607
Noncurrent Liabilities	111,079	102,478	95,407
Total Liabilities	<u>384,009</u>	<u>406,646</u>	<u>645,014</u>
<b>NET POSITION</b>			
Capital Net Position	4,139,805	5,275,482	5,924,025
Restricted Net Position	108,302	460,859	678,797
Unrestricted Net Position	1,952,744	1,514,894	1,280,456
Total Net Position	<u>\$ 6,200,851</u>	<u>\$ 7,251,235</u>	<u>\$ 7,883,278</u>

WPTV's total assets have decreased \$1,073,021 from 2012 to 2013 and \$900,411 between 2012 and 2011. During this time the current assets have remained comparable. The majority of the decrease in total assets has been related to noncurrent assets. Between 2011 and 2013, accumulated depreciation has increased from FY 2011 \$7,159,566 to FY 2012 \$8,294,315 to FY 2013 \$9,455,817. Station management has recognized that digital equipment purchased since the digital transition began in 2003 is aging twice as fast as analog equipment. For this reason, the station appealed to the Wyoming legislature in 2013 for a "repair and replacement" budget, and the Legislature responded with an additional \$100,000 to be added to our standard operational biennial appropriation starting with FY 2014 (not reflected in this audit). This additional biennial \$100,000 for repairs does not provide a true capital replacement budget, but it will help fund engineering travel, software maintenance contracts, and minor repair and maintenance of equipment and vehicles. Unfortunately, because of continued depreciation and aging, our total net position has declined again in FY 2013 from \$7,251,235 in FY 2012 to \$6,200,851 in FY 2013. The total net position also declined from FY 2011 from \$7,883,278 to \$7,251,235 due to the same reasons discussed above.

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2013	2012	2011
Operating Revenues from Grants and Contracts	\$ 1,174,698	\$ 1,498,462	\$ 1,234,020
Operating Expenses	(4,945,759)	(5,303,254)	(4,927,229)
Operating Loss	(3,771,061)	(3,804,792)	(3,693,209)
Nonoperating Revenues	2,719,577	2,461,542	2,442,909
Capital Appropriations, Grants and Gifts	1,100	711,207	220,882
	2,720,677	3,172,749	2,663,791
(Decrease) in Net Position	(1,050,384)	(632,043)	(1,029,418)
Net Position, beginning of year	7,251,235	7,883,278	8,912,696
Net Position, end of year	\$ 6,200,851	\$ 7,251,235	\$ 7,883,278

The Station's total revenues increased from \$3,897,811 in FY 2011 to \$4,671,211 in FY 2012. The increase was largely from a \$264,442 increase in Grants and Contract Revenue due to timing differences in the recognition of Corporation of Public Television funds received; and a \$490,325 increase in Capital Grants and Gifts in FY 2012. The increase in Capital Grants and Gifts is due mostly to \$382,866 being received for the High Definition Production Truck Upgrade and, when compared to FY 2011, an additional \$93,739 being received from Public Telecommunications Facilities Planning and Construction for the new video server.

For these same reasons noted above, the total revenue decreased from FY 2012 to FY 2013. In addition, operating revenues for FY 2013 declined slightly from FY 2012 because of a reduction in our community service grant from the Corporation for Public Broadcasting due to sequestration of funds by Congress (approximately 5%). State revenues and local contributions stayed approximately the same.

As a result, it was necessary for the station to also reduce our operating expenses (from \$5,303,254 in FY 2012 to \$4,945,759 in FY 2013). While a review of the schedule of our operating expenses will reflect that there was a slight increase in staff salaries due to a small step increase given to employees, (an increased salary expense of approximately \$30,000) and benefits increased disproportionately because of additional health insurance costs and retirement expense. Nevertheless, Wyoming PBS operating expenses still declined from 2012 approximately \$357,000, because the station wasn't doing all the contracted services to pay for installation of digital equipment in our truck and in master control that we had paid in 2012 (a difference of about \$152,000); and in 2012, we spent about \$60,000 more in noncapitalized fixed assets for the truck and master control upgrades. The timing of these items also support the change in total expenses between 2011 and 2012.

**KCWC - TV, a/k/a Wyoming PBS**  
**A Public Telecommunications Entity Operated by**  
**Central Wyoming College**

**STATEMENTS OF NET POSITION**  
**June 30, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 2,415,973	\$ 2,354,692
Receivables	26,056	27,707
Due from other college departments	3,026	-
<b>Total current assets</b>	<b>2,445,055</b>	<b>2,382,399</b>
Noncurrent Assets		
Capital assets (Note 3)	4,139,805	5,275,482
<b>Total assets</b>	<b>6,584,860</b>	<b>7,657,881</b>
<b>LIABILITIES</b>		
Current Liabilities		
Deferred revenue	235,903	270,008
Accrued compensated absences (Note 6)	37,027	34,160
<b>Total current liabilities</b>	<b>272,930</b>	<b>304,168</b>
Noncurrent Liabilities		
Accrued compensated absences (Note 6)	111,079	102,478
<b>Total liabilities</b>	<b>384,009</b>	<b>406,646</b>
<b>NET POSITION</b>		
Invested in capital assets	4,139,805	5,275,482
Restricted:		
Public service uses	85,787	65,316
Capital projects	22,515	395,543
Unrestricted	1,952,744	1,514,894
<b>Total net position</b>	<b>\$ 6,200,851</b>	<b>\$ 7,251,235</b>

See Notes to Financial Statements.

**KCWC - TV, a/k/a Wyoming PBS**  
**A Public Telecommunications Entity Operated by**  
**Central Wyoming College**

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
Operating Revenues		
Grants and contracts	<b>\$ 1,174,698</b>	\$ 1,498,462
Operating Expenses		
Program services:		
Programming, production and broadcasting	<b>2,683,248</b>	2,916,696
Depreciation	<b>1,171,457</b>	1,403,175
Support services:		
Management and general	<b>1,091,054</b>	983,383
<b>Total operating expenses</b>	<b>4,945,759</b>	5,303,254
<b>Operating (loss)</b>	<b>(3,771,061)</b>	(3,804,792)
Nonoperating Revenue		
State appropriations	<b>2,106,342</b>	1,794,604
Institutional support from Central Wyoming College	<b>613,235</b>	666,938
<b>Total nonoperating revenue</b>	<b>2,719,577</b>	2,461,542
<b>(Loss) before capital appropriations</b>	<b>(1,051,484)</b>	(1,343,250)
Capital Grants and Gifts	<b>1,100</b>	711,207
<b>(Decrease) in net position</b>	<b>(1,050,384)</b>	(632,043)
Net Position		
Beginning of year	<b>7,251,235</b>	7,883,278
End of year	<b>\$ 6,200,851</b>	\$ 7,251,235

See Notes to Financial Statements.

**KCWC - TV, a/k/a Wyoming PBS**  
**A Public Telecommunications Entity Operated by**  
**Central Wyoming College**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Operating revenues received	\$ 1,087,521	\$ 1,439,380
Payments to/for the benefit of employees	(1,732,455)	(1,617,754)
Payments to suppliers	(1,364,347)	(1,471,804)
<b>Net cash (used in) operating activities</b>	<b>(2,009,281)</b>	<b>(1,650,178)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	2,106,342	1,794,604
<b>Cash Flows from Capital Financing Activities</b>		
Capital contributions	-	721,663
Purchase of capital assets	(35,780)	(754,632)
<b>Net cash (used in) capital financing activities</b>	<b>(35,780)</b>	<b>(32,969)</b>
<b>Net increase in cash</b>	<b>61,281</b>	<b>111,457</b>
<b>Cash and cash equivalents</b>		
Beginning of year	2,354,692	2,243,235
End of year	\$ 2,415,973	\$ 2,354,692
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>(Used in) Operating Activities</b>		
Operating (loss)	\$ (3,771,061)	\$ (3,804,792)
Adjustments to reconcile net operating (loss) to net cash (used in) operating activities:		
Depreciation expense	1,171,457	1,403,175
Noncash institutional support expenses	613,235	666,938
Changes in operating liabilities:		
Accounts receivable	1,651	222,920
Accounts payable	-	(4,608)
Accrued expenses	11,468	9,428
Deferred revenue	(33,005)	(253,644)
Due to (from) other college departments	(3,026)	110,405
<b>Net cash (used in) operating activities</b>	<b>\$ (2,009,281)</b>	<b>\$ (1,650,178)</b>

See Notes to Financial Statements.

**WYOMING PBS FOUNDATION**  
**(A Component Unit of KCWC-TV, a/k/a Wyoming PBS)**

**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 569,212	\$ 493,443
Other current assets	16,233	16,697
Investments	272,093	272,698
Property and improvements	120,711	125,750
<b>Total assets</b>	<b>\$ 978,249</b>	<b>\$ 908,588</b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 1,394
Annuity agreements	376	442
Note payable	45,880	51,568
Leave payable	17,288	7,017
<b>Total liabilities</b>	<b>63,544</b>	<b>60,421</b>
<b>NET ASSETS</b>		
Unrestricted	682,358	621,941
Temporarily restricted net assets	95,884	93,780
Permanently restricted	136,463	132,446
<b>Total net assets</b>	<b>914,705</b>	<b>848,167</b>
<b>Total liabilities and net assets</b>	<b>\$ 978,249</b>	<b>\$ 908,588</b>

See Notes to Financial Statements.

**WYOMING PBS FOUNDATION**  
**(A Component Unit of KCWC-TV, a/k/a Wyoming PBS)**

**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Unrestricted</b>		
Revenue, gain and support:		
Contributions	\$ 304,074	\$ 269,806
Investment/interest income	61,434	29,012
Other	119,844	84,072
<b>Total unrestricted revenue, gain and support</b>	<b>485,352</b>	<b>382,890</b>
<b>Operating expenses:</b>		
Program services:		
College support	202,329	217,522
Supporting services:		
Management and general	304,444	274,947
<b>Total unrestricted operating expenses</b>	<b>506,773</b>	<b>492,469</b>
Net assets released or transferred	81,838	147,679
<b>Change in unrestricted net assets</b>	<b>60,417</b>	<b>38,100</b>
<b>Temporarily Restricted</b>		
Contributions	134,067	77,759
Program expenses	(46,108)	(60,548)
Net assets released or transferred	(85,855)	(132,326)
<b>Change in temporarily restricted net assets</b>	<b>2,104</b>	<b>(115,115)</b>
<b>Permanently Restricted</b>		
Net assets released or transferred	4,017	(15,353)
<b>Change in permanently restricted net assets</b>	<b>4,017</b>	<b>(15,353)</b>
<b>Change in net assets</b>	<b>66,538</b>	<b>(92,368)</b>
<b>Net Assets</b>		
Beginning of year	848,167	940,535
End of year	\$ 914,705	\$ 848,167

See Notes to Financial Statements.

**KCWC – TV, a/k/a Wyoming PBS**  
**A Public Telecommunications Entity**  
**Operated by Central Wyoming College**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Nature of Operations and Significant Accounting Policies**

Nature of operations: KCWC – TV, a/k/a Wyoming PBS (the “Station”), is a full-service public television station licensed to Central Wyoming College (the “College”), with studio and office facilities located at 2660 Peck Avenue, Riverton, Wyoming. The Station was built in 1981-82 with a grant from the U.S. Department of Commerce, and signed on the air on May 10, 1983 with one full-power, analog transmitter on Limestone Peak near South Pass, Wyoming. Initially, the Station had a staff of ten full-time and three part-time people, providing approximately 16 hours of programming per day to Fremont County, which included the Wind River Indian Reservation. From 1983 - 1999, using Federal grants and private donations, the Station expanded its coverage area to reach approximately 85% of the state with an analog signal.

Congress passed the *Telecommunications Act of 1996* requiring all broadcasters to be broadcasting a digital signal by December 31, 2006. In response to that mandate in 2001, the Wyoming State Legislature provided its first phase of funding to the Station to begin its transition to a digital broadcast service. The Legislature provided subsequent capital funding and the Station sought additional Federal grants in order to upgrade transmission and studio facilities to digital. The Station actually broadcast its first digital signal in February 2003, but the transition continued an additional eight years to reach about 90% of the state with a digital broadcast signal.

By 2011, much of the old analog equipment had been replaced with digital equipment, and the Station’s transmission system included three digital transmitters (one located on Limestone Peak, a second located near Laramie, Wyoming, and a third located on Casper Mountain), as well as a digital two-way microwave system and 35 digital translators. Seven analog translators are still in use, and the Station is decommissioning these as they become nonoperational, but all of these must be shut down by December 2014, a date which was recently extended by the Federal Communications Commission. The Station can also be seen in 48 Wyoming towns on various cable systems, and in five counties via satellite (Natrona, Converse, Fremont, Hot Springs and Washakie). The Station currently employs 23 full-time and two part-time staff, and it provides local programs, a content-rich website, a high definition and a standard definition channel of unique programming 24 hours a day, 365 days a year.

The Station receives funding from a variety of sources, including the State of Wyoming, the Corporation for Public Broadcasting, the Wyoming PBS Foundation, grants from miscellaneous sources, and some contract revenue for production services.

The Station seeks to provide a multimedia service that informs, educates and enriches the lives of Wyoming citizens to help them more fully understand and participate in local, national and global events. The Station mission statement reflects this: “To connect and enrich the lives of Wyoming citizens through excellence and innovation in media.”

The College is one of Wyoming’s seven public, two-year community colleges and is the institutional licensee for the Station. The Station is a fund of the College, and its operations are included as part of the College’s entity-wide financial statements. The College Board of Trustees is the governing body for the Station, and establishes the policies and procedures by which the Station operates.

**KCWC – TV, a/k/a Wyoming PBS**  
**A Public Telecommunications Entity**  
**Operated by Central Wyoming College**

**NOTES TO FINANCIAL STATEMENTS**

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The financial statements of the Station have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to colleges and universities, as well as guidance prescribed by the Wyoming Community College Commission (WCCC). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies are described below:

Reporting entity: The Station is a fund of the College. As defined by GAAP, the financial reporting entity of the Station consists of itself as well as its component unit, the Wyoming PBS Foundation (the “Foundation”).

The Foundation is a legally separate, tax-exempt entity. The Foundation’s purpose is to receive contributions, manage and invest assets, and make distributions to and for the benefit of the Station. A copy of the financial statements for the Foundation can be obtained by calling (307) 856-6944.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the Station. Although the Station does not control the timing or amount of receipts from the Foundation, the majority of resources held and support received by the Foundation is restricted to the activities of the Station. Because of these restrictions, the Foundation is considered a component unit of the Station.

The Foundation is a private non-profit organization that reports financial results in accordance with the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation. Because of these differences, the financial information for the Foundation has been reported separately from that of the Station.

No modifications have been made to the Foundation’s financial information as reported in accordance with FASB or to the Station’s financial information as reported in accordance with GASB. However, significant note disclosures from the Foundation’s financial statements have been incorporated into the Station’s notes to the financial statements (see Note 7).

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose governmental entity engaged only in business-type activities. Accordingly, the Station’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

In accordance with the Corporation for Public Broadcasting Principles of Accounting and Financial Reporting for Telecommunications Entities, certain College institutional support amounts have been recognized as revenue and expenses. These amounts have been computed in accordance with the instructions of the Corporation for Public Broadcasting Annual Financial Report.

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The total amount of institutional support from the College recognized in the statements of revenues, expenses, and changes in net position as nonoperating revenue and operating expenses for the years ended June 30, 2013 and 2012 amounted to \$613,235 and \$666,938, respectively.

Cash and cash equivalents: Cash and cash equivalents consist of all cash, either on hand or in banks, including time deposits, and any highly liquid investments purchased with a maturity of three months or less.

Capital assets: Capital assets include only the property and equipment purchased by, constructed by, or donated to the Station. The capitalization policy for the Station conforms to the policy of the College, which is based on the policy adopted by WCCC. The policy is as follows: Infrastructure assets with initial costs that equal or exceed \$50,000 are capitalized; expenditures for buildings and improvements having a useful life greater than five years and a value greater than \$50,000 are capitalized; and expenditures for other capital items having a useful life greater than one year and a value greater than \$5,000 are also capitalized. Individual items having a lesser value may be capitalized if they are purchased in a group.

Capital assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is included as part of the capitalized value of the assets constructed.

Digital conversion costs are being capitalized as the project progresses. The Station has no infrastructure assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 – 40 years for buildings and improvements, furniture and equipment 3 – 14 years, and vehicles 5 – 10 years.

Net assets: The Station's net position is classified as follows:

*Invested in capital assets:* This represents the Station's total investment in capital assets, net of accumulated depreciation.

*Restricted net position – expendable:* This includes resources that the Station is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources when they are needed.

*Unrestricted net position:* This includes resources derived from sources that are not required to be reported in one of the above classifications. These resources are used for transactions relating to the general operations of the Station and may be used at the discretion of the governing board to meet current expenses for any purpose.

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Compensated absences: The College policy permits all employees to accumulate a limited amount of vacation and sick leave. These benefits are payable to employees upon separation from service. All leave pay is accrued when incurred, and a liability for these amounts is reported in compliance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station considers approximately 25% of this liability to be current and due within one year.

Classification of revenues: The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as 1) most funding from public broadcasting entities, 2) most Federal, state and local grants and contracts and Federal appropriations, and 3) sales and services.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as 1) state appropriations, 2) some Federal, state, and local grants and contracts, and 3) gifts and contributions.

Estimates: The accounting policies of the Station conform with GAAP as applicable to public colleges and universities. Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Actual results could differ from those estimates.

**Note 2. Cash and Investments**

The Station's cash and cash equivalents are included in the cash and investment accounts of the College. The Station's share of these amounts as of June 30, 2013 and 2012 was \$2,415,973 and \$2,354,692, respectively. The College invests cash in excess of immediate needs in money market funds. Cash balances in excess of federally insured limits are collateralized.

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**Note 3. Capital Assets**

Capital asset activity for the fiscal years ended June 30, 2013 and 2012 was as follows:

	Balance June 30, 2012	Additions	Deletions	Transfers To/ From Other CWC Funds	Transfers	Balance June 30, 2013
<b>Nondepreciable Capital Assets</b>						
Land and improvements	\$ 64,590	\$ -	\$ -	\$ -	\$ -	\$ 64,590
Construction in process	-	-	-	-	-	-
<b>Total nondepreciable capital assets</b>	<b>64,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,590</b>
<b>Depreciable Capital Assets</b>						
Buildings and improvements	505,792	-	-	-	-	505,792
Furniture and equipment	12,068,718	6,264	(9,955)	-	-	12,068,027
Vehicles	930,697	29,516	-	-	-	960,213
<b>Total depreciable capital assets</b>	<b>13,505,207</b>	<b>35,780</b>	<b>(9,955)</b>	<b>-</b>	<b>-</b>	<b>13,531,032</b>
<b>Total capital assets</b>	<b>13,569,797</b>	<b>35,780</b>	<b>(9,955)</b>	<b>-</b>	<b>-</b>	<b>13,595,622</b>
<b>Less Accumulated Depreciation</b>						
Buildings and improvements	132,175	18,444	-	-	-	150,619
Furniture and equipment	7,330,995	1,066,073	(9,955)	-	-	8,387,113
Vehicles	831,145	86,940	-	-	-	918,085
<b>Total accumulated depreciation</b>	<b>8,294,315</b>	<b>1,171,457</b>	<b>(9,955)</b>	<b>-</b>	<b>-</b>	<b>9,455,817</b>
Capital Assets, net	\$ 5,275,482	\$ (1,135,677)	\$ -	\$ -	\$ -	\$ 4,139,805
<hr/>						
	Balance June 30, 2011	Additions	Deletions	Transfers To/ From Other CWC Funds	Transfers	Balance June 30, 2012
<b>Nondepreciable Capital Assets</b>						
Land and improvements	\$ 64,590	\$ -	\$ -	\$ -	\$ -	\$ 64,590
Construction in process	9,615	-	-	-	(9,615)	-
<b>Total nondepreciable capital assets</b>	<b>74,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,615)</b>	<b>64,590</b>
<b>Depreciable Capital Assets</b>						
Buildings and improvements	341,678	164,114	-	-	-	505,792
Furniture and equipment	11,767,870	559,659	(270,798)	2,372	9,615	12,068,718
Vehicles	899,838	30,859	-	-	-	930,697
<b>Total depreciable capital assets</b>	<b>13,009,386</b>	<b>754,632</b>	<b>(270,798)</b>	<b>2,372</b>	<b>9,615</b>	<b>13,505,207</b>
<b>Total capital assets</b>	<b>13,083,591</b>	<b>754,632</b>	<b>(270,798)</b>	<b>2,372</b>	<b>-</b>	<b>13,569,797</b>
<b>Less Accumulated Depreciation</b>						
Buildings and improvements	113,731	18,444	-	-	-	132,175
Furniture and equipment	6,300,479	1,298,942	(270,798)	2,372	-	7,330,995
Vehicles	745,356	85,789	-	-	-	831,145
<b>Total accumulated depreciation</b>	<b>7,159,566</b>	<b>1,403,175</b>	<b>(270,798)</b>	<b>2,372</b>	<b>-</b>	<b>8,294,315</b>
Capital Assets, net	\$ 5,924,025	\$ (648,543)	\$ -	\$ -	\$ -	\$ 5,275,482

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**Note 4. Pension Plans**

The College offers a retirement benefit to all permanent full-time employees. The plan statutorily requires a contribution of 14.12% of eligible employee salaries, of which the College contributes 12.69% and the employee contributes 1.43% of the employee's eligible wages. Eligible College employees may participate in one of two pension plans offered by the College, either the Wyoming Retirement System (WRS) or Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). WRS is a cost-sharing, multiple-employer public employee defined benefit, contributory retirement plan and is administered by the State of Wyoming. TIAA/CREF is a private defined contribution pension plan, which is portable to other institutions and states.

Participants in WRS who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. WRS also provides death and disability benefits. Benefits are established by State statutes. The WRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, 5<sup>th</sup> Floor West, Cheyenne, Wyoming 82009 or by calling (307) 777-7691.

Total Station contributions to WRS for the years ended June 30, 2013, 2012 and 2011 were \$125,031, \$108,646 and \$107,763, respectively. Total Station contributions to TIAA/CREF for the years ended June 30, 2013, 2012 and 2011 were \$25,148, \$20,816 and \$25,279, respectively.

**Note 5. Commitments and Contingencies**

Litigation: Various claims and lawsuits may arise in the ordinary course of operations. Management believes there were no material claims or lawsuits against the Station which would result in losses which would materially affect the financial position of the Station or the results of operations as of June 30, 2013.

The Station is insured through the College's insurance policy. The College purchases commercial insurance to help insure against risks of loss. Coverage carried includes property, general liability, automobile liability, and errors and omissions.

No significant reduction in the College's insurance coverage has occurred, nor has the amount of settled claims exceeded the insurance coverage in the past three years.

Operating leases: The Station has several leases for the use of space for broadcast towers and equipment, which expire between July 2013 and February 2089, and require various minimum monthly payments.

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The future minimum lease payments are as follows:

Fiscal Year	
2014	\$ 25,504
2015	24,924
2016	18,646
2017	15,879
2018	4,575
Thereafter	10,016
	<u>\$ 99,544</u>

Rental expense under above leases, donated leases and month-to-month leases for the year ended June 30, 2013 was \$89,961, which is included in the programming, production, and broadcasting expense in the accompanying statement of revenue, expenses and changes in net position.

**Note 6. Changes in Long-Term Liabilities**

Long-term liability activity for the years ended June 30, 2013 and 2012 is as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Other Liabilities					
Compensated absences	\$ 136,638	\$ 152,593	\$(141,125)	\$ 148,106	\$ 37,027
<b>Total other liabilities</b>	<u>\$ 136,638</u>	<u>\$ 152,593</u>	<u>\$(141,125)</u>	<u>\$ 148,106</u>	<u>\$ 37,027</u>

  

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Amounts Due Within One Year
Other Liabilities					
Compensated absences	\$ 127,210	\$ 123,860	\$(114,432)	\$ 136,638	\$ 34,160
<b>Total other liabilities</b>	<u>\$ 127,210</u>	<u>\$ 123,860</u>	<u>\$(114,432)</u>	<u>\$ 136,638</u>	<u>\$ 34,160</u>

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**Note 7. Component Unit Information**

The Foundation is a legally separate, tax-exempt component unit of the College and, more specifically, the Station (see Note 1). The Foundation's statement of financial position and statement of activities have been included on pages 11 and 12. Significant note disclosures to the Foundation's financial statements are included below.

Endowment fund: The Foundation established an endowment fund at the Wyoming Community Foundation with donor funds. Any funds transferred to the Wyoming Community Foundation are not returned to the Foundation. The Wyoming Community Foundation will pay investment earnings to the Foundation.

At June 30, 2013, total funds in the Wyoming Community Foundation account were \$831,950. These funds are not an asset of the Wyoming PBS Foundation, but are held by the Wyoming Community Foundation to benefit the Wyoming PBS Foundation. The Wyoming PBS Foundation received distributions of \$31,714 and \$33,168 for the years ended June 30, 2013 and 2012, respectively, on these funds.

Note payable: The Foundation purchased its building on February 25, 2004 with a \$95,000 mortgage on the building and land. Total cost of the building and land was \$135,000. The note was refinanced for a ten-year period starting April 2013 at a 5% interest rate with monthly principal and interest payments and matures February 25, 2023.

Wyoming Public Television \$1.5 million Production Endowment: The Wyoming Legislature established a \$1.5 million matching endowment for WPTV in January, 2008, with the funds to be held in trust by the Wyoming State Treasurer and administered by the Wyoming Community College Commission (WCCC), for deposit and interest distribution. With each deposit of private gifts from WPTV, the state will match that amount up to \$1.5 million.

The Foundation provided private gifts to WPTV which were forwarded to the WCCC for deposit into the Production Endowment. Those checks were not receipted into WPTV accounts, but were signed, with an affidavit, and transferred to the WCCC for deposit with the State Treasurer into the endowment.

Investments: Investments are composed of mutual funds and are carried at fair value. Unrealized gain at June 30, 2013 amounted to \$14,663.

Furniture, equipment and property: Capital assets are carried at cost and depreciated over their useful lives using the straight-line method. Estimated useful lives range from five to seven years for furniture and equipment and 39 years for the building.

Total furniture, equipment and property before accumulated depreciation amounted to \$177,532 at June 30, 2013.

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**Note 8. Recent Pronouncements**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement was issued to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively by restating financial statements, if practical, for all periods presented. If restatement is not practical, the cumulative effect of applying this statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. The Station is currently evaluating the impact that the provisions of this statement will have on the Stations' financial statements.

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**SCHEDULES OF OPERATING EXPENSES**  
**Years Ended June 30, 2013 and 2012**

	2013			2012		
	Direct	Indirect	Total	Direct	Indirect	Total
Program Services:						
Salaries	\$ 994,439	\$ -	\$ 994,439	\$ 1,099,925	\$ -	\$ 1,099,925
Benefits	435,577	-	435,577	445,898	-	445,898
Operating expenses	1,253,232	-	1,253,232	1,370,873	-	1,370,873
<b>Total program services</b>	<b>2,683,248</b>	<b>-</b>	<b>2,683,248</b>	<b>2,916,696</b>	<b>-</b>	<b>2,916,696</b>
Support Services:						
Salaries	218,292	296,406	514,698	57,891	320,510	378,401
Benefits	95,615	128,148	223,763	23,468	136,374	159,842
Operating expenses	163,912	188,681	352,593	235,086	210,054	445,140
<b>Total support services</b>	<b>477,819</b>	<b>613,235</b>	<b>1,091,054</b>	<b>316,445</b>	<b>666,938</b>	<b>983,383</b>
Depreciation	1,171,457	-	1,171,457	1,403,175	-	1,403,175
<b>Total operating expenses</b>	<b>\$ 4,332,524</b>	<b>\$ 613,235</b>	<b>\$ 4,945,759</b>	<b>\$ 4,636,316</b>	<b>\$ 666,938</b>	<b>\$ 5,303,254</b>