

STATE OF LOUISIANA LEGISLATIVE AUDITOR

KDAD-FM, KLSA-FM, KRSA-FM, and
KLDN-FM Radio Stations
Louisiana State University in Shreveport
State of Louisiana
Shreveport, Louisiana

November 15, 1997



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**KDAG-FM, KLSA-FM, KRSA-FM, AND
KLDN-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Shreveport, Louisiana**

**Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

November 18, 1997

KERQ-FM, NLSA-FM, KERSA-FM, AND
KLDN-FM RADIO STATIONS
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA

Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedule

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LEGISLATIVE AUDITOR

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November 3, 1997

Independent Auditor's Report
on the Financial Statements

LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Shreveport, Louisiana

We have audited the accompanying Statement of Financial Position, Statement of Activities, and Statement of Cash Flows of Radio Stations KDAO-FM, KLSA-FM, KQSA-FM, and KLDN-FM, Louisiana State University in Shreveport, public telecommunications entities operated by Louisiana State University in Shreveport, as of and for the year ended June 30, 1997. These financial statements are the responsibility of management of the radio stations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 described in note 1, the financial statements of Radio Stations KDAO-FM, KLSA-FM, KQSA-FM, and KLDN-FM, Louisiana State University in Shreveport, are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of Louisiana State University in Shreveport that is attributable to the transactions of the radio stations.

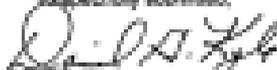
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Stations KDAO-FM, KLSA-FM, KQSA-FM, and KLDN-FM, Louisiana State University in Shreveport, at June 30, 1997, and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY IN SHREVEPORT
STATE OF LOUISIANA
Audit Report, June 30, 1987

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KDBA-FM, and KLDN-FM, Louisiana State University in Shreveport. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Daniel D. Kyle, CPA, CFE
Legislative Auditor

RLA/MAM:sls

LSU/SHR

RADIO FM, 88.5 (FM) KRBL (FM) BROADCASTING (FM) RADIO STATIONS
 A Public Telecommunications Entity Operated by
 Louisiana State University in Moorhead
 Statement of Financial Position
 June 30, 1987
 (with Comparative Totals for 1986)

Statement A

	1987		1986
	Unaudited	Audited	
	Operating	Totals	Total
	Results	Total	Total
ASSETS			
Current Assets -			
Cash and Cash Equivalents	\$ 91,697	\$ 18,700	\$ 110,397
Accounts Receivable	--	1,800	1,800
Total Current Assets	<u>\$ 91,697</u>	<u>\$ 20,500</u>	<u>\$ 112,197</u>
Property and Equipment -			
Equipment	788,703	588,748	1,377,451
Total assets	<u>\$ 880,400</u>	<u>\$ 609,248</u>	<u>\$ 1,554,648</u>
LIABILITIES AND NET ASSETS			
Current Liabilities -			
Accounts payable and accrued expenses	\$ 45,538	\$ 188	\$ 45,726
Deferred revenue - unexpired prints	--	21,188	21,188
Total Current liabilities	<u>\$ 45,538</u>	<u>\$ 21,376</u>	<u>\$ 66,914</u>
Long Term Liabilities -			
Accrued debt and accrued lease payable	18,288	--	18,288
Total Liabilities	<u>\$ 63,826</u>	<u>\$ 21,376</u>	<u>\$ 85,202</u>
Net Assets -			
Unexpended	802,893	--	802,893
Restricted	--	588,748	588,748
Total net assets	<u>\$ 802,893</u>	<u>\$ 588,748</u>	<u>\$ 1,391,641</u>
Total liabilities and net assets	<u>\$ 880,400</u>	<u>\$ 609,248</u>	<u>\$ 1,554,648</u>

The accompanying notes are an integral part of this statement.

KBAC-FM, KLSA-FM, KPSA-FM, AND KJZZ-FM (KBAC) STATIONS
 Louisiana State University in Shreveport
 Statement of Activities
 For The Year Ended June 30, 1997
 (With Comparative Data for 1996)

Statement 3

	1997			1996 Total
	Operating Funds		Total	
	(Decrease)	Increase		
Revenues, gains, and other support				
Contributions	\$ 262,863	..	\$ 262,863	\$ 268,830
Investment income	8,248	..	8,248	8,121
Licensing	100,918	..	100,918	108,648
Cooperation/public broadcasting				
Community service grant	..	\$ 75,000	75,000	71,104
Local educational improvement	..	..	..	1,962
National program production/distribution grant	..	26,208	26,208	28,588
Community Foundation grant	..	1,910	1,910	12,871
Tulane Foundation grant	..	27,800	27,800	71,000
Other grants	..	8,640	8,640	8,718
License agreements	26,208	..	26,208	24,200
Total revenues, gains, and other support	<u>417,887</u>	<u>149,817</u>	<u>567,704</u>	<u>681,838</u>
Expenses				
Program services -				
Programming and production	88,110	118,827	206,937	201,145
Broadcasting	188,713	20,241	208,954	178,898
Program information and promotion	8,128	11	8,139	5,881
Total program expenses	<u>284,951</u>	<u>139,079</u>	<u>424,030</u>	<u>385,924</u>
Supporting services -				
Management and general	77,283	2,768	79,051	85,785
Fundraising and membership development	81,528	1,641	83,169	78,444
Licensing and grant solicitation	48,638	1,887	50,525	37,418
Total supporting expenses	<u>167,449</u>	<u>5,296</u>	<u>172,745</u>	<u>161,647</u>
Total expenses	<u>452,400</u>	<u>144,375</u>	<u>596,775</u>	<u>547,571</u>
Change in net assets before capital additions	<u>165,487</u>	<u>5,432</u>	<u>170,919</u>	<u>134,267</u>
Capital additions				
Less depreciation of property and equipment	..	..	..	(4,475)
Total capital additions	..	..	..	<u>(4,475)</u>
Change in net assets after capital additions	<u>165,487</u>	<u>5,432</u>	<u>170,919</u>	<u>129,792</u>
Net assets, beginning of year	<u>882,888</u>	<u>282,216</u>	<u>1,165,104</u>	<u>1,214,786</u>
Net assets, end of year	<u>\$ 1,048,375</u>	<u>\$ 287,648</u>	<u>\$ 1,336,023</u>	<u>\$ 1,344,578</u>

The accompanying notes are an integral part of this statement.

KNOX HILL KLSA-FM, KLSA-TV, AND KLSA-FM/HD STATIONS
Louisiana State University in Shreveport
Statement of Cash Flows
For the Year Ended June 30, 2001
(With Comparative Data for 1999)

Statement C

	2001		1999
	Unaudited 2001	Audited 2001	
Cash flows from operating activities:			
Change in net assets	(\$ 70,950)	\$ 8,400	(\$ 44,533)
Adjustments to reconcile change in net assets to net cash used by operating activities:			
Decrease (increase) in accounts receivable	760	(1,800)	(870)
Increase (decrease) in accounts payable and accrued expenses	12,860	790	12,850
Decrease in accrued payroll and benefits payable	4,000	4,000	(2,560)
Increase (decrease) in deferred revenue and annual lease payable	—	(8,870)	(8,870)
Increase (decrease) in deferred revenue - unexpended grants	—	—	2,668
Net cash (used) by operating activities	<u>(\$ 49,430)</u>	<u>(\$ 800)</u>	<u>(\$ 14,315)</u>
Cash flows from investing activities:			
Purchase of property and equipment	(\$ 8,291)	(\$ 4,000)	(\$ 6,000)
Loss on disposition of property and equipment	—	—	\$ 871
Net cash (used) by investing activities	<u>(\$ 8,291)</u>	<u>(\$ 4,000)</u>	<u>(\$ 5,129)</u>
Net decrease in cash and cash equivalents	<u>(\$ 57,721)</u>	<u>(\$ 1,200)</u>	<u>(\$ 19,440)</u>
Cash and cash equivalents at beginning of year	173,431	27,360	200,600
Cash and cash equivalents at end of year	<u>\$ 115,710</u>	<u>\$ 26,160</u>	<u>\$ 181,160</u>

The accompanying notes are an integral part of this statement.

KDAQ-FM, KLSA-FM, KLSA-FM, and KLDH-FM RADIO STATIONS
Public Telecommunications Entities Operated By
LOUISIANA STATE UNIVERSITY IN SHREVEPORT
A Member of the LSU System

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1993

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

A. Organization

Louisiana State University in Shreveport is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, and is under the management and supervision of a body corporate known as the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors (the Board) is the governing body over all campuses under the organizational structure of the Louisiana State University (LSU) System. All members of the Board of Supervisors are appointed by the Governor. The Board of Supervisors are the legal holders of the licenses of all the stations in this network.

On September 14, 1981, the Board of Supervisors (the Board) approved establishment of a public radio station (network) to be licensed to, and operated by, Louisiana State University in Shreveport (LSU-S). On October 28, 1982, the Federal Communication Commission (FCC) assigned it the call letters KDAQ-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1985, the radio station assumed this status.

In 1985, a second station was established as the Louisiana State University at Alexandria campus (LSU-A). This station was established to be operated by LSU-S as a simulcast of KDAQ-FM. On May 17, 1985, the FCC assigned it the call letters KLSA-FM.

In 1987, a third station was established in El Dorado, Arkansas, to be operated by LSU-S as a simulcast of KDAQ-FM. On June 4, 1987, the FCC assigned it the call letters KRSB-FM.

In 1991, a fourth station was established in Lufkin, Texas, to be operated by LSU-S, as a simulcast of KDAQ-FM. On December 7, 1989, the FCC assigned it the call letters KLDH-FM.

In 1996, a translator was established in Grambling, Louisiana, to be operated by LSU-S as a simulcast of KDAQ-FM. The translator number K214CE were assigned by the FCC on March 18, 1996.

KDAQ-FM, KLSA-FM, KBSA-FM and KLDH-FM Radio Stations (a.k.a. Red River Public Radio Network) are departmental budget units of LSU-S and are reported in the University's Annual Financial Statements in the same respect as a "public service department." The total departmental expenditures are reported in Analysis Schedule C-2A and C-2B of LSU-S's financial statements for the network.

B. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the network, the accounts of the network are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and net assets of the station are reported in two self-balancing operating funds, which include unrestricted and restricted resources. These funds represent resources available for support of the network operations.

C. Expendable Restricted Resources

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are claimed to be earned and reported as revenues when the network has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet earned are reported on the Statement of Financial Position as restricted "deferred revenue-unexpended grant."

D. Contributions and Pledges

Contributions and pledges are recorded as revenue in the Statement of Activities when received.

E. Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits and bank certificates of deposit.

F. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic basis.

G. Contributed Facilities

The network occupies without charge certain premises located in and owned by the state.

Donated facilities from LSU-S consist of office and studio space together with related occupancy costs and are recorded as indirect administrative support from LSU-S. The total for indirect administrative support for fiscal year 1996-97 is \$100,118. Compensation for the above is reflected in Schedule B of the Corporation for Public Broadcasting Annual Financial Report.

H. Income Taxes

The network is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 1997.

I. Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. As a State Agency, depreciation is not recognized by the University. The University maintains a physical inventory of all depreciable equipment with an acquisition value of \$250 or more.

1. Property and Equipment

A summary of property and equipment is as follows:

	July 1, 1996	Additions	Deletions	June 30, 1997
Office Furniture and Fixtures	\$ 30,490	\$ 3,797	--	\$ 34,287
Transmission and Antenna	843,976	--	--	843,976
Studio/Ink	20,185	38,084	--	58,269
Studio and Other Broadcast Equipment	231,137	18,880	--	249,927
Total Equipment	<u>\$1,125,788</u>	<u>\$50,761</u>	<u>\$--</u>	<u>\$1,176,549</u>

3. Long-Term Debt

The radio network has entered into no long-term debt agreements.

Systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 932-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-0213, or by calling (504) 932-6608 or (800) 256-3808.

The contribution requirements of plan members and the radio station are established and may be amended by the State legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LSERS) of covered salaries. The state is required to contribute 16.3 percent of covered salaries to TRS and 12.40 percent of covered salaries to LSERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the years ended June 30, 1997, 1996, and 1995, were \$13,842, \$9,489, and \$8,828 respectively, and to LSERS for the years ended June 30, 1997, 1996, and 1995, were \$12,216, \$12,696, and \$12,683 respectively, equal to the required contributions for each year.

7. Optional Retirement System

LSA-R.S. 11:521 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions accrued to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 16.3 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$4,400 for the year ended June 30, 1997.

8. Changes in Deferred Support and Revenues

Balance, beginning of year	\$ 27,668
Additions - Contributions and grants	143,939
Deductions - Contributions and grants recognized as revenue or support	<u>183,812</u>
Balance, end of year	<u>\$ 21,195</u>

9. Prior Year Financial Statements

The financial information shown for 1996 in the accompanying financial statements is included to provide a basis for comparison with 1997 and present summarized totals only.

10. The Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund.

On September 26, 1996, the Community Foundation of Shreveport-Bossier, CFS-B, a non-profit corporation of Shreveport, Louisiana with its principal office located at 401 Edwards Street, Suite 107, Shreveport, LA 71101, in coordination with the Community Advisory Board (CAB) for the Louisiana State University in Shreveport Public Radio Stations, established the Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund (Fund).

The Fund is to be used for the support of the purposes of CAB. The Fund is the property of the CFS-B, and all distributions from the Fund must be approved by the CFS-B Board of Directors. Distributions from the Fund to LSU in Shreveport for support of the radio stations will be recognized as revenues in Statement B in the year the funds are actually received by LSU in Shreveport.

As of June 30, 1997, the Fund had a balance of \$112,555.

2020-2021 BUDGET OPERATIONS AND FINANCIAL SERVICES SUMMARY

Center for Community Development
 100 North Franklin Street, Suite 200
 Chicago, Illinois 60610
 (773) 328-1000

Exhibit 1

Program/Service	Program Services			Supporting Services			Total Expense	
	Program Expense	Other program services	Total program services	Facility, utility, and materials (included)	Supporting services (included)	Total supporting services	1997	1998
Production credits and wages	\$ 50,000	--	\$ 50,000	\$ 10,200	\$ 11,100	\$ 21,300	\$ 71,300	\$ 92,600
Employee benefits	8,700	--	8,700	7,300	8,400	15,700	89,100	97,800
Total	58,700	--	58,700	17,500	19,500	37,000	109,400	120,400
Per diem	--	4,700	4,700	600	1,700	2,300	8,400	10,700
Travel	--	--	--	1,800	900	2,700	4,700	5,400
Office and equipment replacement	--	16,800	16,800	--	--	--	16,800	20,200
Office	--	27,800	27,800	--	--	--	27,800	34,200
Security, maintenance and repairs	--	600	600	--	900	1,500	4,200	4,700
Other operating services	10,000	1,700	11,700	11,000	1,100	12,100	23,800	28,500
Supplies	1,000	--	1,000	1,000	1,000	2,000	3,000	3,500
Professional services	81	--	81	2,000	80	2,081	21,700	24,800
Other charges	--	--	--	--	2,000	2,000	4,200	4,700
Total	\$ 110,200	\$ 10,100	\$ 120,300	\$ 32,300	\$ 23,200	\$ 55,500	\$ 175,800	\$ 205,900