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LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-15-04

CONTENTS

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August 20, 2004

Independent Auditor's Report

Members of the Louisiana Educational
Television Authority
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

In addition, Hannis T. Bourgeois, LLP, acting separately, audited the financial statements of the component unit discretely presented in the Louisiana Educational Television Authority's financial statements. The component unit audited by us separately accounts for 100% of the assets of the component unit column on the Statement of Net Assets.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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. 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Louisiana Educational Television Authority, are intended to present the financial position and the changes in financial position, of only that portion of the governmental activities, that is attributable to the transactions of Louisiana Educational Television Authority. They do not purport to, and do not, present fairly the financial position of the State of Louisiana as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, as of June 30, 2004, and the changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 2004, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The accompanying supplemental information schedules and "Annual Financial Report - General Fund Only" as required by the Louisiana Division of Administration listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Louisiana Educational Television Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

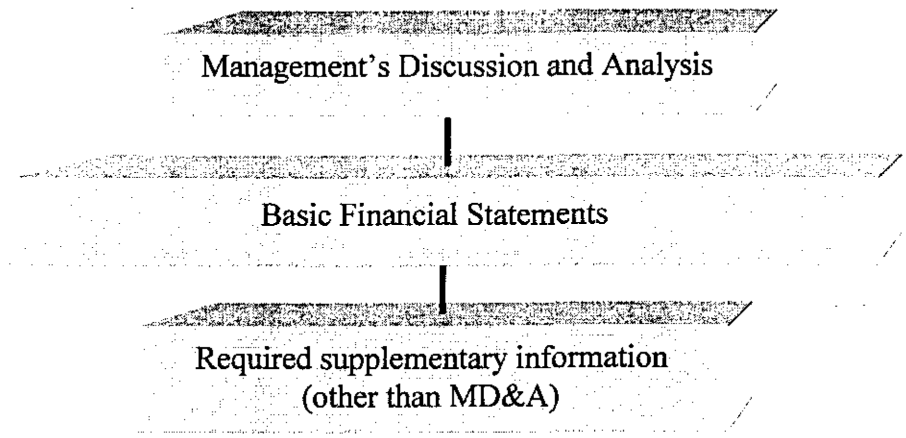
Hannis T. Bourgeois, LLP

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Louisiana Educational Television Authority, hereinafter referred to as LETA, presents a narrative overview and analysis of LETA's financial activities for the year ended June 30, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the contents of this report that contain requirements established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide an overview into the financial status of LETA for one year.

- During FY 2003-04, LETA's Total Assets decreased to $10,057,851; a decrease of $2,923,269 below the $12,951,120 in Total Assets for FY 2002-03. The majority of this decrease was due to the reduction in funds from Capital Projects.

- Total Liabilities decreased to $4,189,552 for FY 2003-04; a decrease of $1,403,538 below the $5,593,090 in Total Liabilities for FY 2002-03. The majority of this decrease is attributable to the net result of the reduction of the long-term satellite lease and the addition of the LEAF obligation for TFN.

In addition to the information contained in this report that directly reflects LETA's financial status, a Component Unit, The Foundation for Excellence in Louisiana Public Broadcasting, hereinafter referred to as FELPB, is also shown.

- FELPB's Total Assets increased to $22,647,835; an increase of $1,634,083 over the $21,013,752 for FY 2002-03. The primary contributing factor in this change is attributable to an increase in the market value of securities and investments.
- Total Liabilities decreased by $462,471 from $7,432,246 in FY 2002-03 to $6,969,775 for FY 2003-04, which is mainly attributable to a reduction in the "Due to LETA" account.

Included within this report are appropriate references to the

- "Due to LETA" fund;
- Associated federal and state funding of the digital conversion and the New Orleans Teleplex;
- Associated notes regarding The Football Network;
- Investments and related matters involving the FELPB.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for LETA as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include two basic components; A) the Government-Wide Financial Statements and the B) Fund Financial Statements.

The Government-Wide financial statements are designed to be corporate-like in nature in that all governmental activities are consolidated into one column which adds to a total for LETA.

As government funds are established for specific purposes, the Fund Financial Statements allows a view of what funds were established and for what purpose, and allows a view of the sources, uses and/or budgeting compliance associated with such funds.

The Government-Wide Financial Statements have two sections: the Statement of Net Assets and the Statement of Activities.

The Fund Financial Statements have five sections: the Balance Sheet-Government funds; the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets; the Statement of Revenues, Expenditures, and Changes in Fund Balance-Government Funds; the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities; and the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual – General Fund.

The following is a condensed Statement of Net Assets for LETA at June 30, 2004 with comparative to FY 2003:

	Total Governmental Activities 2004	Total Governmental Activities 2003
ASSETS		
Cash and Equivalents	$ 2,411,588	$ 5,645,093
Accounts/Grants Receivable	877,760	220,603
Due from Component Unit	6,768,503	7,085,424
Total Assets	$ 10,057,851	$ 12,951,120
LIABILITIES		
Accounts Payable	$ 1,256,224	$ 1,196,537
Deferred Revenue	425,346	434,000
Due to Primary Government	3,500	3,500
Long-Term Liabilities		
Due Within One Year	333,964	737,193
Due In More Than One Year	2,170,518	3,221,860
Total Liabilities	$ 4,189,552	$ 5,593,090
NET ASSETS		
Restricted for Capital Projects	$ 1,982,135	$ 4,762,643
Unrestricted	3,886,164	2,595,387
Total Net Assets	$ 5,868,299	$ 7,358,030

The following is a condensed Statement of Net Assets for FELPB at June 30, 2004 with comparative to FY 2003:

	FY 2004	FY 2003
ASSETS		
Cash and Equivalents	$ 2,980,033	$ 2,653,395
Marketable Securities and Investments at Market Value	19,080,858	17,295,596
Receivables, Net	452,857	799,763
Capital Assets (Net Depreciation)	9,909	17,114
Other Assets	124,178	247,884
Total Assets	$ 22,647,835	$ 21,013,752
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 61,085	$ 143,510
Deferred Revenues	140,187	203,312
Due To LETA	6,768,503	7,085,424
Total Liabilities	6,969,775	7,432,246
NET ASSETS		
Restricted	121,380	95,364
Unrestricted	15,556,680	13,486,142
Total Net Assets	$ 15,678,060	$ 13,581,506

The following is a condensed Summary of Changes in Net Assets of LETA for the year ended June 30, 2004 with comparative figures from FY 2003:

	FY 2004	FY 2003
REVENUES		
Program Revenues:		
Charges for Services	$ 1,386,175	$ 981,189
Operating Grants and Contributions	902,422	44,879
Capital Grants and Contributions	3,957	8,969
General Revenues:		
State Appropriations	8,370,693	9,213,531
Interest and Investment Earnings	262,000	291,924
Total Revenues	10,925,247	10,540,492
EXPENSES		
Programming and Production	2,039,084	1,958,492
Broadcasting	6,284,809	3,242,887
Program Information	191,226	178,492
Management and General	1,262,854	2,327,798
Interest on Long Term Debt	15,910	64,174
Total Expenses	9,793,883	7,771,843
Extraordinary Items:		
Gain on Capital Lease Termination	2,910,079	-
Changes in Net Assets	4,041,443	2,768,649
Capital Assets Purchased for the Benefit of the State	(5,531,174)	(1,597,211)
Net Assets – Beginning of Year	7,358,030	6,186,592
Net Assets – End of Year	$ 5,868,299	$ 7,358,030

The following is a condensed Summary of Changes in Net Assets of FELPB for the year ended June 30, 2004 with comparative figures from FY 2003:

	FY 2004	FY 2003
REVENUES		
Program Revenues:		
Charges for Services	$ 1,503,834	$ 1,516,640
Operating Grants and Contributions	1,670,684	1,863,552
General Revenues:		
Grants and Contributions not restricted to Specific Purposes	1,365,823	1,261,552
Interest and Investment Income	1,242,238	805,622
Total Revenues	5,782,579	5,447,366
EXPENSES		
Personal Services	446,916	520,706
Travel	110,177	112,895
Operating Services	2,201,072	2,357,313
Professional Services	614,863	1,027,462
Capital Outlay/General Support	47,487	24,147
Total Expenses	3,420,515	4,042,523
Change in Net Assets	2,362,064	1,404,843
Capital Assets Purchased for the Benefit of the State	(265,510)	(56,728)
Net Assets-Beginning of Year	13,581,506	12,233,391
Net Assets-Beginning of Year	$ 15,678,060	$ 13,581,506

SIGNIFICANT CHANGES IN NET ASSETS BALANCES

The following significant changes were observed in LETA's Net Assets Balance in Total Governmental Funds:

- Total Net Assets decreased from $7,358,030 at the end of FY 2002-03, to $5,868,299 at the end of FY 2003-04; a decrease of $1,489,731.

Regarding the component unit, FELPB, the following significant change was noted:

- The "Due to LETA" fund liability decreased from $7,085,424 in FY 2002-03 to $6,768,503 in FY 2003-04; a decrease of $316,921.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The LETA's officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Completion of the mandated digital conversion by the end of calendar year 2004;
- Follow-up on utilization, distribution and development of activities which incorporate the Louisiana: A History project, and the development of the next generation of historical projects;
- Implementation of the New Orleans Teleplex Cooperative Endeavor Agreement, associated "master lease" and related management activities;
- Continued activities related to outstanding receivable issues regarding The Football Network and Loral;
- Implementation of contract requirements under the "Teaching American History" grant program;
- Loss of excess capacity and associated revenue due to failure of Loral satellite;
- Review of investments and investment strategy of FELPB funds.

The LETA expects that next year's results will improve based on the following:

- Increased LETA presence statewide via digital broadcasts and multicasting opportunities;
- Increase in presence in New Orleans area as the Teleplex projects moves forward;
- Continued positive response to Louisiana History series, and other historical projects;
- Increased revenue and national exposure due to the FELPB affiliation with ShopPBS;
- Continued positive response to video streaming in the classroom, and adaptation of like models for other educational services;
- Utilization of DDF and PTFP grants for digital distribution and digital production equipment acquisition;
- Development of digital production capabilities;
- Positive economic developments that improve investment opportunities for FELPB funds.

ADDITIONAL NOTATION

During FY 2003-04 several unanticipated events provided challenges for LETA. The Football Network was unable to fulfill its requirements under the Cooperative Endeavor Agreement, and was declared in default. In excess of $600,000 was outstanding at he time of default by TFN. However, recent developments regarding investors for TFN have given some encouragement that TFN may eventually meet its obligation.

Additionally, on September 19, 2003, Telstar 4 suffered a catastrophic failure from which it was unable to recover. Our agreement with Loral outlines compensation in the case of such an event. However, Loral has filed bankruptcy and a subsequent reorganization plan. LETA filed appropriate papers with the bankruptcy court indicating that an outstanding obligation in excess of $672,000 was owed to LETA at the time of the filing of those papers. Management expects a resolution to this matter during the FY 2004-05. Alternative satellite resources were obtained thru an agreement with PBS—the initial term through 2006 with an option through 2012.

CONTACTING THE LETA's MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the LETA's finances and to show LETA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Ms. Beth Courtney
President/Chief Executive Officer
7733 Perkins Road
Baton Rouge, LA 70810
225.767.4200

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2004

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 2,411,588	$ 2,980,033
Marketable Securities and Investments, at Market Value	-	19,080,858
Receivables, Net	877,760	452,857
Due from Component Unit	6,768,503	-
Capital Assets (Net of Accumulated Depreciation)	-	9,909
Other Assets	-	124,178
Total Assets	10,057,851	22,647,835
LIABILITIES		
Accounts Payable and Accrued Expenses	1,256,224	61,085
Deferred Revenues	425,346	140,187
Due to Primary Government	3,500	6,768,503
Long-Term Liabilities:		
Due Within One Year	333,964	-
Due in MoreThan One Year	2,170,518	-
Total Liabilities	4,189,552	6,969,775
NET ASSETS		
Investment in Capital Assets	-	9,909
Restricted for:		
Capital Projects	1,982,135	-
Friends of L.P.B Transfer Agreement	-	121,380
Unrestricted	3,886,164	15,546,771
Total Net Assets	$ 5,868,299	$ 15,678,060

The accompanying notes constitute an integral part of this statement.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
Programming and Production	$ 2,039,084	$ 709,655	$ -
Broadcasting	6,284,809	117,000	-
Program Information	191,226	-	-
Management and General	1,262,854	559,520	3,957
Interest on Long-Term Debt	15,910	-	-
Total Primary Government	$ 9,793,883	$ 1,386,175	$ 3,957
Component Unit:			
Foundation for Excellence in L.P.B.	$ 3,420,515	$ 1,503,834	$ 1,670,684

General Revenues:
State Appropriations
Grants and Contributions Not Restricted to Specific Purposes
Interest and Investment Earnings

Total General Revenues

Extraordinary Items:
Gain on Capital Lease Termination

Change in Net Assets

Capital Assets Purchased for the Benefit of the State of Louisiana

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying notes constitute an integral part of this statement.

Capital Grants and Contributions	Primary Government Governmental Activities Net (Expense) Revenue and Changes in Net Assets	Component Unit Net (Expense) Revenue and Changes in Net Assets
$ -	$ (1,329,429)	$ -
902,422	(5,265,387)	-
-	(191,226)	-
-	(699,377)	-
-	(15,910)	-
$ 902,422	(7,501,329)	-
$ -	-	(245,997)
	8,370,693	-
	-	1,365,823
	262,000	1,242,238
	8,632,693	2,608,061
	2,910,079	-
	4,041,443	2,362,064
	(5,531,174)	(265,510)
	7,358,030	13,581,506
	$ 5,868,299	$ 15,678,060

FUND FINANCIAL STATEMENTS

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2004

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 305,762	$ 2,105,826	$ 2,411,588
Accounts/Grants Receivable	21,716	63,677	85,393
Due from Component Unit	6,530,525	237,978	6,768,503
Due from Primary Government	792,367	-	792,367
Total Assets	$ 7,650,370	$ 2,407,481	$ 10,057,851
LIABILITIES			
Accounts Payable	$ 1,110,677	$ -	$ 1,110,677
Accrued Expenses	145,547	-	145,547
Deferred Revenue	-	425,346	425,346
Due to Primary Government	3,500	-	3,500
Total Liabilities	1,259,724	425,346	1,685,070
FUND BALANCES			
Fund Balances:			
Reserved for Capital Projects	-	1,982,135	1,982,135
Unreserved:			
Designated for Technological Advances	6,390,646	-	6,390,646
Total Fund Balances	6,390,646	1,982,135	8,372,781
Total Liabilities and Fund Balances	$ 7,650,370	$ 2,407,481	$ 10,057,851

The accompanying notes constitute an integral part of this statement.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30,2004

Fund Balances-Total Governmental Funds		$ 8,372,781
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Long-term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
LEAF Acquisitions Payable	$ 2,072,841	
Compensated Absences	431,641	2,504,482
Net Assets of Governmental Activities		$ 5,868,299

The accompanying notes constitute an integral part of this statement.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

	General	Capital Projects	Total Governmental Funds
REVENUES:			
State General Fund	$ 8,370,693	$ -	$ 8,370,693
State General Fund-Interagency Transfers	512,632	-	512,632
Donated Facilities, Administrative Support, and Programming	3,957	-	3,957
Federal Grants	34,154	902,422	936,576
Special Projects/Local Productions	162,869	-	162,869
Interest and Dividend Income	262,000	-	262,000
Rental Income	676,520	-	676,520
Total Support and Revenues	10,022,825	902,422	10,925,247
EXPENDITURES:			
Programming and Production	2,039,084	-	2,039,084
Broadcasting	8,117,120	3,682,930	11,800,050
Program Information	191,226	-	191,226
Management and General	1,262,854	-	1,262,854
Debt Service:			
Principal Retirement	633,266	-	633,266
Interest	15,910	-	15,910
Total Expenditures	12,259,460	3,682,930	15,942,390
Excess (Deficiency) of Revenues Over Expenditures	(2,236,635)	(2,780,508)	(5,017,143)
OTHER FINANCING SOURCES:			
Capital-Related Debt Issued	2,072,841	-	2,072,841
	(163,794)	(2,780,508)	(2,944,302)
Fund Balances - Beginning of Year	6,554,440	4,762,643	11,317,083
Fund Balances - End of Year	$ 6,390,646	$ 1,982,135	$ 8,372,781

The accompanying notes constitute an integral part of this statement.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances-Total Governmental Funds		$ (2,944,302)
Amounts Reported for Governmental Acitivities in the Statement of Activities are Different Because:		
The Repayment of the Principal of Long-Term Debt and the termination of the Capital Lease Liability Consumes the Current Financial Resources of Governmental Funds but has no Effect on Net Assets:		
Principal Payments on Capital Lease	633,266	
Gain on Termination of Capital Lease	2,910,079	
Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities the Cost of Those Assets Should be Allocated Over the Estimated Useful Lives as Depreciation Expense. However, Because the Authority is Only the Custodian of These Assets and the State of Louisiana is the Owner, Neither the Capital Assets nor the Depreciation Expense Thereon is Recorded in These Financial Statements.	5,531,174	
Some Expenses Reported in the Statement of Activities do Not Require the use of Current Financial Resources and, Therefore, are not Reported as Expenditures in Governmental Funds:		
Increase in LEAF Acquisitions Payable	(2,072,841)	
Increase in Compensated Absences Payable	(15,933)	6,985,745
Change in Net Assets of Governmental Activities		$ 4,041,443

The accompanying notes constitute an integral part of this statement.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual
REVENUES:			
State General Fund	$ 8,435,696	$ 8,370,693	$ 8,370,693
State General Fund-Interagency Transfers	643,142	643,142	512,632
State General Fund-Self Generated	690,000	690,000	-
Donated Facilities, Administrative Support, and Programming	-	-	3,957
Federal Grants	34,154	34,154	34,154
Other	-	-	424,869
Rental Income	-	-	676,520
Total Revenues	9,802,992	9,737,989	10,022,825
EXPENDITURES:			
Personal Services	4,498,973	4,807,357	4,484,272
Operating Services	1,313,618	1,295,503	1,542,570
Professional Services	246,234	165,865	156,335
Other Charges	2,533,899	2,477,345	2,939,423
Capital Outlay/General Support	100,000	101,200	2,281,113
Interagency Transfers	244,700	241,300	206,571
Debt Service:			
Principal Retirement	633,266	633,266	633,266
Interest	232,302	16,153	15,910
Total Expenditures	9,802,992	9,737,989	12,259,460
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2,236,635)
OTHER FINANCING SOURCES:			
Capital-Related Debt Issued	-	-	2,072,841
			(163,794)
Fund Balance (Deficit) - Beginning of Year	-	-	6,554,440
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 6,390,646

The accompanying notes constitute an integral part of this statement.

	Nonbudgeted Items and Adjustments		Budgetary Basis		Variance With Final Budget - Favorable (Unfavorable)
$	-	$	8,370,693	$	-
	-		512,632		(130,510)
	466,857		466,857		(223,143)
	(3,957)		-		-
	-		34,154		-
	(393,065)		31,804		31,804
	(676,520)		-		-
	(606,685)		9,416,140		(321,849)
	(19,841)		4,464,431		342,926
	(470,000)		1,072,570		222,933
	(6,375)		149,960		15,905
	(63,143)		2,876,280		(398,935)
	(2,241,066)		40,047		61,153
	-		206,571		34,729
	-		633,266		-
	-		15,910		243
	(2,800,425)		9,459,035		278,954
	2,193,740		(42,895)		(42,895)
	(2,072,841)		-		-
	120,899		(42,895)		(42,895)
	(6,545,518)		8,922		8,922
$	(6,424,619)	$	(33,973)	$	(33,973)

Note 1 - Summary of Significant Accounting Policies -

A. Organization

The Louisiana Educational Television Authority is a political subdivision of the State of Louisiana, Executive Branch. The Authority is supervised by its members as provided in Louisiana Revised Statutes 17:2503.C. The Authority is charged statutorily with making the benefits of educational and public television available to and promoting their use by inhabitants of Louisiana. The Authority's operations are funded through an annual lapsing legislative appropriation. In addition, the Authority has received funds from the State for the purpose of constructing transmitter and tower facilities throughout the State. Amounts included within the Authority's foregoing financial statements are also included in the State of Louisiana's comprehensive annual financial report.

B. Financial Reporting Entity

The financial reporting entity consists of (1) the primary government, (Louisiana Educational Television Authority), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board (GASB) issued Statement No.39, determining whether certain organizations are component units, amends GASB 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and hold economic resources for the direct benefit of a governmental unit and is effective for periods beginning after June 15, 2003.

Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Based on the foregoing criteria, the management of the Louisiana Educational Television Authority has included the Foundation for Excellence in Louisiana Public Broadcasting as a component unit of the Louisiana Educational Television Authority. Since the Authority appoints the board members of the Foundation and there is a financial benefit/burden relationship between the two entities, the funds of the Foundation will be discretely presented in the Louisiana Educational Television Authority's financial statements for the year ended June 30, 2004.

In addition, it has been determined that the assets and revenues of Friends of L.P.B. did not meet the $2 million dollar threshold for reporting component units. Therefore, the funds of Friends of L.P.B. will not be presented in the Authority's statements for the year ended June 30, 2004.

C. Basis of Presentation

Financial Statements - Government-Wide Statements

The Authority's financial statements include both government-wide (reporting the Authority as a whole) which includes its component unit and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the Authority categorized as a business type activity.

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Authority first utilizes restricted resources to financial qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Authority's functions. The functions are also supported by general government revenues (State appropriations, interest and investment earnings, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (state appropriations, intergovernmental revenues, interest and investment earnings, etc).

The Authority does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities.

Financial Statements - Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the Authority:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Authority:

1). The general fund is the general operating fund of the Authority. It is used to account for the Legislative appropriation provided to fund the general administrative expenses of the Authority and those other expenses not funded through other specific legislative appropriations of revenues.

2). The capital projects fund is used to account for specific Legislative appropriations, Federal grants and State general obligation bond revenues for the construction of transmitter and tower facilities at the stations and conversion to digital transmission comprising the Authority's network.

Financial statement presentation of the Foundation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as applicable. As of June 30, 2004, there were no permanently restricted net assets.

D. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

Governmental-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The financial statements of the Foundation for Excellence in Louisiana Public Broadcasting have also been prepared on the accrual basis in which revenue is recognized when earned and expenses are recognized when incurred.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Contributions received by the Foundation are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

E. Budgets and Budgetary Accounting

The budgetary process incorporates a yearly appropriation process, which is valid for a period of one year. Title 39:136 provides for an extension period of 45 days in order to liquidate encumbrances established prior to June 30. The Authority is prohibited by Statute to over expend the legally adopted budget by category. Budget revisions are allowed and implemented by budgetary amendment with approval of the Legislative Budget Committee and by interim emergency appropriations granted by the Interim Emergency Board. The budgetary information presented in the financial statements represented the last approved budgetary revisions enacted as reflected by the last approved budgetary amendment. This budgetary information was adjusted for satellite and facility rental and related interest earnings, self generated revenues, LEAF acquisitions, and in kind contributions all of which the Authority does not budget for, encumbrances outstanding at year end, and for other miscellaneous adjustments which were in the original budget but not recorded in the financial statements.

Budgetary data for the Capital Project Funds has not been presented in the accompanying financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

F. Encumbrances

Encumbrances representing purchase orders, contracts or other commitments are recorded in budgetary funds to reserve portions of applicable appropriations. Encumbrances are part of the budgetary process and are included in actual expenditures when a comparison with budget is necessary. Encumbrances at year-end are not considered expenditures in the financial statements presented on the GAAP basis.

G. Petty Cash Imprest Fund

The Authority maintains a permanent travel and petty cash imprest fund in the amount of $3,500 as authorized by the Commissioner of Administration in accordance with State law. The funds are permanently established and periodically replenished from the Authority's operating fund when expenditure vouchers are presented.

H. Assets, Liabilities, and Net Assets or Equity

Capital Assets

Capital assets acquired by the Authority are not included in the accompanying financial statements, but are reported in the State of Louisiana's comprehensive annual financial report. The Authority acts only as a custodian of these assets and title actually rests with the State of Louisiana.

Capital assets of the Foundation for Excellence in Louisiana Public Broadcasting are recorded at cost, less accumulated depreciation, and are depreciated using the straight-line method over the useful lives of the assets, which range from two to five years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Marketable Securities and Investments

The component unit records investments in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost if purchased, or, if contributed, at fair value at the date of contribution.

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast relate to programs acquired by the Foundation for Excellence in Louisiana Public Broadcasting with broadcast dates subsequent to June 30, 2004. Grants, contributions and underwriting related to these programs are included in deferred revenue. As the programs are telecast, the costs incurred will be included in operating expenses and the related deferred revenue will be recognized.

Contributed Services/In-kind Contributions

In-kind contributions are recorded as revenue and expenditures in the Authority's financial statements. In-kind contributions consist of donated facilities, administrative support, and programming. These donations are recorded at fair value.

During the year ended June 30, 2004, the value of contributed services or assets meeting the requirements for recognition by the Foundation was not material and has not been recorded.

Long-Term Obligations

In the government-wide financial statements, debt principal payments of governmental activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accrued Vacation and Sick Leave

State employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years of service. There is no limit on the amount of annual or sick leave that can be accumulated. The Authority is legally liable to compensate an employee upon retirement or termination for up to 300 hours of unused annual leave. Upon retirement, the number of hours of unused annual leave in excess of 300 hours plus the number of hours of unused sick leave is computed into years or fraction of years and is added to the number of years service earned by the retiree. The unused annual and sick leave is counted towards the number of years service only for computing the rate of retirement pay due the retiree and does not count toward the number of years necessary for retirement.

In the government-wide financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at June 30, 2004, in the governmental fund-type financial statements. Therefore this amount represents a reconciling item between the fund and government-wide presentation.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

JUNE 30, 2004

I. Income Taxes

The Foundation for Excellence in Louisiana Public Broadcasting has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501c(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in their financial statements.

Note 2 - Cash and Cash Equivalents -

The Authority's and the Foundation's cash and cash equivalents at June 30, 2004 are categorized in three levels of credit risk. Category 1 includes bank balances which are insured or collateralized with securities held by the Authority/Foundation or its agent in the Authority's/Foundation's name. Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's/Foundation's name. Category 3 includes bank balances which are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority's/Foundation's name.

The Authority's deposits consist of the following at June 30, 2004:

	Cash	Certificates of Deposit	Other	Total
Deposits in Bank Accounts per Balance Sheet	$ 2.411,588	$ -	$ -	$ 2,411,588
Bank Balances (Category 3 Only, if Any) Identify Amounts Reported as Category 3 by the Descriptions Below:				
a. Uninsured and Uncollateralized	$ -	$ -	$ -	$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Entity's Name	-	-	-	-
Total Category 3 Bank Balances	$ -	$ -	$ -	$ -
Total Bank Balances (Regardless of Category)	$ 2,411,690	$ -	$ -	$ 2,411,690

Included above is cash held in the Treasury in the amount of $302,262, and cash held as Capital Outlay funds in the amount of $2,105,826.

The Foundation's deposits consist of the following at June 30, 2004:

	Cash	Certificates of Deposit	Other	Total
Deposits in Bank Accounts per Balance Sheet	$ 2,980,033	$ -	$ -	$ 2,980,033
Bank Balances (Category 3 Only, if Any) Identify Amounts Reported as Category 3 by the Descriptions Below:				
a. Uninsured and Uncollateralized	$ -	$ -	$ -	$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent <u>but not in the Entity's Name</u>	2,691,919	-	-	2,691,919
Total Category 3 Bank Balances	$ 2,691,919	$ -	$ -	$ 2,691,919
Total Bank Balances (Regardless of Category)	$ 3,033,934	$ -	$ -	$ 3,033,934

Note 3 - Marketable Securities and Investments -

The Foundation's investments at June 30, 2004 are recorded at market value and are categorized in three levels of credit risk as follows:

<u>Category 1</u> - Insured or registered in the Foundation's name, or securities held by the Foundation or its agent in the Foundation's name.

<u>Category 2</u> - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Foundation's name.

<u>Category 3</u> - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the Foundation's name.

In addition, in accordance with GASB codification, certain mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The following is a summary of the Foundation's investments at June 30, 2004:

	Category 1	Category 2	Category 3	Cost	Market Value	Unrealized Gain	Unrealized Loss
U.S. Treasury Securities	$ -	$ -	$ 2,479,217	$ 2,479,217	$ 2,426,456	$ -	$ 52,761
U.S. Government Agency Securities	-	-	5,434,391	5,434,391	5,362,577	-	71,814
Common Stocks	-	-	5,336,126	5,336,126	7,074,925	1,833,312	94,513
	$ -	$ -	$ 13,249,734	13,249,734	14,863,958	1,833,312	219,088
Investments Not Categorized:							
Mutual Fund-Equity Securities				352,683	464,277	111,594	-
Mutual Fund- U.S. Government Bonds				236,628	244,538	7,910	-
Meridian Horizon Fund				2,612,593	3,508,085	895,492	-
				$ 16,451,638	$ 19,080,858	$ 2,848,308	$ 219,088

The cost and market value of securities by contractual maturities is as follows:

	Cost	Market Value
Within One Year	$ -	$ -
One Year Through Five Years	6,719,950	6,638,535
Five Years Through Ten Years	415,554	403,415
Over Ten Years	778,104	747,083
	7,913,608	7,789,033
Mutual Fund - U.S. Government Bonds	236,628	244,538
Common Stocks	5,336,126	7,074,925
Meridian Horizon Fund	2,612,593	3,508,085
Mutual Fund - Equity Securities	352,683	464,277
	$ 16,451,638	$ 19,080,858

Included in the caption "Interest and Investment Earnings" on the Statement of Activities are as follows:

	Primary Government	Component Unit
Realized Gains	$ -	$ 129,748
Realized (Losses)	-	(213,555)
Net Increase in Unrealized Gains at June 30, 2004 Compared to June 30, 2003	-	1,278,340
Net Interest and Dividend Income	262,000	47,705
	$ 262,000	$ 1,242,238

Meridian Horizon Fund invests in various long-term and short-term equity positions in United States and European stocks. It also may invest in options, futures and other forms of derivative investments.

There were no marketable securities held by the primary government at June 30, 2004.

Note 4 - Receivables and Payables -

Receivables consist of the following at June 30, 2004:

	Governmental Activities	Component Unit
Accounts/Interagency	$ 814,083	$ 220,383
Accrued Interest	-	55,561
Federal Grants	63,677	624
Due from Friends of Louisiana Public Broadcasting	-	176,289
	$ 877,760	$ 452,857

Payables consist of the following at June 30, 2004:

	Governmental Activities	Component Unit
Accounts	$ 1,110,677	$ 61,085
Accrued Payroll	145,547	-
	$ 1,256,224	$ 61,085

Note 5 - Lease and Rental Commitments -

The Authority's operating rental commitments consist of various tower sites. These operating lease agreements have nonappropriation exculpatory clauses that allow cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

In November 2003, the Authority entered into an operating lease agreement with Public Broadcasting Service for the use of their transponder. The agreement is for $50,000 per month and expires on September 30, 2006. Per the terms of the agreement, the lease is contingent upon the State Legislature continuing to fund appropriations in order for the authority to meet the lease obligations.

Total operating rental and lease expenditures for the year ended June 30, 2004 amounted to $538,244.

Commitments under the above operating lease agreements provide for annual rental payments as follows:

Year	Rental Property	Amount
2005	Tower Sites/Satellite	$ 676,054
2006	Tower Sites/Satellite	677,054
2007	Tower Sites/Satellite	277,054
2008	Tower Sites/Satellite	78,006
2009	Tower Sites/Satellite	79,008
Thereafter	Tower Sites/Satellite	265,286
		$ 2,052,462

In addition to the above-mentioned operating lease agreements, on March 24, 1994 the Authority entered into a separate lease agreement for financing the acquisition of a Telstar Satellite. On January 11, 1997, the previously mentioned satellite experienced a total failure. The Authority was provided limited service for the period from that date until a new satellite could be placed in service in July 1997. An amended lease agreement was then signed at that time, which did not change the outstanding balance or monthly payments of the existing lease. However, the amended agreement does provide the Authority the right to receive a warranty reimbursement of $43,000 per month for the interim period the Authority was out of full service contingent upon the Authority canceling the lease agreement one month in advance of the end of the agreement in the year 2004. In March 2001, the Authority signed an additional amended lease agreement which becomes effective February 2004 and expires in November 2007. This amendment increases the monthly payment and was based on a revision to the satellite's estimated life, which was then estimated to be November 2007. The net present value of the additional extension was $2,910,079 and was adjusted thru net assets as restated at July 1, 2001. This lease qualifies as a capital lease for accounting purposes and therefore, was recorded in the prior year at the present value of the future minimum lease payments as of the date of inception. However, in September 2003 the satellite ceased functioning prior to the effective date of the agreed upon extension. The Authority was responsible for the remainder of the original lease agreement which amounted to $633,266 for fiscal year ended June 30, 2004. The Authority was not responsible for the extension of the lease which had been recorded in prior years. This resulted in a gain on termination of capital lease in the amount of $2,910,079, which is recorded in fiscal year ended June 30, 2004.

Note 6 - Schedule of Board Members, Committee Meetings Attended, and Per Diem Paid -

Louisiana Education Television Authority:

Board Member	Board Meetings Attended	Per Diem Paid
Dr. William Arceneaux	6	$ -
Jesse Bankston	3	-
Wayne Berry	9	-
Lucile Blum	1	-
Fr. James Carter	2	-
Carl Crowe	3	-
Bob Davidge	7	-
Barbara Decuir	6	-
Clare Duhon	1	-
Mary Eaton	7	-
Frank France	1	-
Felicia L. Harry	6	-
Jane Kirkpatrick	6	-
Betty Lauricella	2	-
Bill Miller	0	-
Jim Nickel	2	-
Sue Rainor	2	-
Clinton Raspberry	0	-
Jennifer Reilly	3	-
Deano Thornton	7	-
Sissie Villaume	0	-
Carole Wallin	1	-
James White	1	-
		$ -

Foundation for Excellence in L.P.B.:

Board Member	Board Meetings Attended	Per Diem Paid
Dudley Coates	3	$ -
Alston Johnson	3	-
Mary Joseph	4	-
Frank McArthur	2	-
Huel Perkins	4	-
Joe Simon	2	-
Charles Spencer	3	-
Joe Traigle	2	-
Roger Ogden	0	-
Virginia Shehee	0	-
Harold Block	0	-
		$ -

Note 7 - Due from Component Unit (Foundation for Excellence in L.P.B.) -

During the current and prior years, monies were received from various universities who were leasing unused transponder space on a satellite which was owned by Louisiana Educational Television Authority (L.E.T.A.). Upon receipt, these rental payments were deposited in the Trust account of the Foundation and are therefore considered due to L.E.T.A. At June 30, 2004, the net amount owed to L.E.T.A. for these rentals is $6,485,861 which includes $1,648,600 of interest earnings.

In the current year and prior years, $603,065 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due to L.E.T.A. balance at June 30, 2004.

In the current year, the Foundation received $120,759 towards payment for equipment and facilities rental for L.E.T.A. and expended $91,239 of these funds in accordance with a Board resolution relating to the equipment and facilities rental agreement. The net amount due to L.E.T.A. of $29,520 is included in the Due to L.E.T.A. balance at June 30, 2004.

In addition, during the current and prior year the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses incurred for these services amounted to $618,209 and is considered owed to L.E.T.A. This amount is also included in the Due to L.E.T.A. balance at June 30, 2004.

In the current year, the Foundation received $537,978 for the purchase of equipment. During the current year, $300,000 of these funds had been used for the purchase of equipment. The net amount of $237,978 is included in the Due to L.E.T.A. balance at June 30, 2004.

Note 8 - Changes in Capital Assets -

A summary of changes in capital assets of the component unit is as follows:

	Balance at July 1, 2003	Adjustments and Additions	Adjustments and Deletions	Balance at June 30, 2004
Furniture and Fixtures	$ 69,938	$ -	$ -	$ 69,938
Less: Accumulated Depreciation	(52,824)	(7,205)	-	(60,029)
Component Unit Capital Assets, Net	$ 17,114	$ (7,205)	$ -	$ 9,909

Depreciation expense for the year ended June 30, 2004 was $7,205.

Note 9 - Summary of Changes in Long-Term Debt -

The following is a summary of the changes to General Long-Term Obligations for the year ended June 30, 2004:

	Balance at July 1, 2003	Additions	Reductions	Balance at June 30, 2004
Compensated Absences Payable	$ 415,707	$ 15,934	$ -	$ 431,641
Obligations Under Capital Lease	3,543,346	-	3,543,346	-
LEAF Acquisitions Payable	-	2,072,841	-	2,072,841
	$ 3,959,053	$ 2,088,775	$ 3,543,346	$ 2,504,482

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations as of June 30, 2004:

	LEAF Acquisitions Payable	Compensated Absences	Total
Current Portion	$ 226,053	$ 107,911	$ 333,964
Long-Term Portion	1,846,788	323,730	2,170,518
Total	$ 2,072,841	$ 431,641	$ 2,504,482

A schedule of the future principal payments for the LEAF Acquisitions Payable at June 30, 2004 is as follows:

Year	
2005	$ 226,053
2006	238,509
2007	246,447
2008	254,649
2009	263,024
Thereafter	844,159
	$ 2,072,841

Note 10 - Retirement System -

Plan Description: Substantially all employees of the Authority are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0600.

Funding Policy: Plan members of the Authority are required by state statue to contribute 7.5 percent of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 15.8% percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Authority's contributions to LASERS for the year ended June 30 , 2004 was $828,874, which $266,805 was contributed by employees and $562,069 was contributed by the Authority and were equal to the required contribution for the year.

Note 11 - Post Retirement Health Care and Life Insurance Benefits -

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Authority to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Authority's employees become eligible for those benefits if they reach normal retirement age while working for the Authority. Monthly premiums are paid jointly by the employees and the employer (from the Authority's appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits. The Authority recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2004 the costs of retirees' benefits totaled $134,802, while the number of retirees is 28. The cost of retirees' benefits is net of participant's contribution.

Note 12 - Related Party Transactions - Friends of Louisiana Public Broadcasting -

The Louisiana Educational Television Authority d/b/a Louisiana Public Broadcasting (LPB) and Friends of Louisiana Public Broadcasting entered into a mutual agreement dated December 6, 1994. Under the terms of this agreement, cash and investments with a market value of $1,957,708 were transferred upon execution of the agreement from Friends of Louisiana Public Broadcasting to an outside third party, the Baton Rouge Area Foundation, who established a fund in the name of LPB in the nature of an endowment, to provide current income and long term protection for the operations of LPB. Per the terms of the agreement LPB may designate who the funds are distributed to and therefore designated the Foundation to receive these funds.

Furthermore, a separate agreement dated August 9, 1994 (as amended in 2002), was entered into between Friends of Louisiana Public Broadcasting and the Foundation for Excellence in Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers quarterly excess funds as calculated per the agreement; to be used to pay for certain approved expenses. For the fiscal year ended June 30, 2004, $1,209,466 was transferred to the Foundation (which includes a receivable of $165,455) under the terms of this agreement.

At June 30, 2004, $1,169,950 of the temporarily restricted net assets available for the purposes specified in these two agreements were spent and therefore released from restriction. The remaining $121,380 is temporarily restricted at June 30, 2004.

Note 13 - Designation of Fund Balance - General Fund -

Louisiana Educational Television Authority's Board Members have designated the unreserved portion of the Authority's fund balance resulting from accumulated satellite rental revenue earned in the current and prior years. These funds are to be used for future anticipated technological advances in converting to digital television and expenses relating to maintenance and replacement of the satellite. This designation is reflected on the fund financial statements - balance sheet for governmental funds.

Note 14 - Restricted Net Assets -

Restricted net assets at June 30, 2004 consist of the following:

	Governmental Activities	Component Unit
Capital Projects	$ 1,982,135	$ -
Friends of LPB Transfer Agreement	-	121,380
	$ 1,982,135	$ 121,380

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

SCHEDULE OF INTERAGENCY REVENUE

FOR THE YEAR ENDED JUNE 30, 2004

Program	
Links	$ 3,260
GEE	74,772
LEDC	426,500
Board of Regents	8,100
Total Interagency Revenue	$ 512,632

See auditor's report.

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education	84.002	$ 34,154	$ 34,154
Total U.S. Department of Education			34,154
U.S. Department of Commerce			
Public Telecommunications Facilities Program	11.550	$ 1,531,837	553,769
Passed Through Educational Broadcasting Foundation:			
Public Telecommunications Facilities Program	11.550	$ 863,120	348,653
Total U.S. Department of Commerce			902,422
Total Federal Assistance			$ 936,576

See auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
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Celeste D. Viator, CPA*
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1175 Del Este Avenue, Suite B
Denham Springs, LA 70726

www.htbcpa.com

August 20, 2004

Members of the Louisiana Educational
Television Authority
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the governmental activities and the discretely presented component unit of the Louisiana Educational Television Authority, Baton Rouge, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, others within the Organization, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statue 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Hannis T. Bourgeois, LLP

Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
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Fernand P. Genre, CPA*
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August 20, 2004

Members of the Louisiana Educational
Television Authority
State of Louisiana
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the Louisiana Educational Television Authority with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, we noted an immaterial instance of noncompliance, which we have reported to the management of the Authority in a separate letter date August 20, 2004.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, others within the organization, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

Summary of Auditor's Results:

(1) As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

* Type of report issued on financial statements - unqualified.
* Type of report issued on compliance for major programs-unqualified.
* The results of audit procedures disclosed no material non-compliance in major programs.
* The results of audit procedures disclosed no questioned costs.
* Our audit disclosed no findings, which are required to be reported under Section 510(a).
* The following program was determined to be Type A major program:

	C.F.D.A. Number
Public Telecommunications Facilities Program	11.550

* The dollar threshold used to distinguish between Type A and Type B programs was $300,000 as specified under Section 520(b).
* The Authority did not qualify as a low risk auditee under Section 530.

(2) Findings - Financial Statement Audit:
None

(3) Findings and Questioned Costs - Major Federal Award Program Audit:
None

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE STATE OF LOUISIANA)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

No prior year audit findings.

ANNUAL FINANCIAL REPORT

662

Schedule Number

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ending June 30, 2004

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

Send to:
Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Send to:
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Elizabeth "Beth" Courtney, Executive Director of Louisiana Educational Television Authority (LETA) who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of Louisiana Educational Television Authority at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 30th day of August, 2004.

Beth Courtney
Signature of Agency Official

Leslie M. Yandle
NOTARY PUBLIC

Prepared by: Joanne Gaudet

Title: Accountant Supervisor

Telephone No.: 225-767-4270

Date: August 30, 2004

RUN DATE : 08/14/04
RUN TIME : 19:32:22
REPORT ID : 4G31-085
DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
GENERAL OPERATING APPROPRIATION FUNDS
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY COMPARISON
CURRENT YEAR APPROPRIATION (BUDGET - LEGAL BASIS)
FOR YEAR ENDED JUNE 30, 2004

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

		CASH BASIS I	ADJUSTMENTS II	ACCRUAL III	AGENCY ADJUSTMENTS IV	TOTAL V	REVISED BUDGET VI	VAR FAVORABLE (UNFAVORABLE) VII
A	REVENUES							
1	APPROPRIATED BY LEGISLATURE:							
2	STATE GENERAL REVENUE	7,678,552.17	0.00	692,140.83		8,370,693.00	8,370,693	0.00
5	GENERAL FUND-SGR	497,461.14	0.00	1,200.00		498,661.14	690,000	191,338.86-
6	GENERAL FUND- IAT	446,560.00	0.00	100,226.43		546,786.43	677,296	130,509.57-
11	TOTAL APPROPRIATED REVENUE	8,622,573.31	0.00	793,567.26		9,416,140.57	9,737,989	321,848.43-
B	EXPENDITURES							
12	APPROPRIATED EXPENDITURES:							
	ADMINISTRATION/SUPPORT SRVS	721,033.49	250.00-	410.00	+ 250.00	721,443.49 ~~721,193.49~~	722,237	793.51 ~~1,043.51~~
	BROADCASTING	7,582,713.51	72,445.74-	1,111,983.57	+72445.74	~~8,622,251.34~~ 8,694,697.08	9,015,752	~~393,500.66~~ 321,054.92
27	TOTAL APPROPRIATED EXPENDITURES	8,303,747.00	72,695.74-	1,112,393.57	72695.74	~~9,343,444.83~~ 9,416,140.57	9,737,989	~~394,544.17~~ 321,848.43
28	EXCESS (DEFICIENCY) OF APPROPRIATED REVENUES OVER APPROPRIATED EXPENDITURES	318,826.31	72,695.74	318,826.31-	(72,695.74)	~~72,695.74~~ 0	0	~~72,695.74~~ 0

SCHEDULE 1

RUN DATE : 08/14/04
RUN TIME : 19:41:02
REPORT ID : 4G32-085
DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
SCHEDULE OF APPROPRIATED REVENUE BY TYPE
GENERAL OPERATING APPROPRIATION FUNDS
FOR YEAR ENDED JUNE 30, 2004

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

	APPROPRIATED REVENUE FUND	ISIS APPR NUMBER I	REVENUE SOURCE CODE II	CLASSIFIED CASH RECEIPTS THROUGH JUNE 30, 2004 III	UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2004 IV	TOTAL CASH DEPOSIT WITH TREASURY III + IV V	ACCOUNTS RECEIVABLE AT JUNE 30, 2004 VI	AGENCY ADJUSTMENT VII	TOTAL REVENUE VIII
	FEDERAL AID								
A	SUBTOTAL - FEDERAL AID			0.00	0.00	0.00	0.00		0.00
	GENERAL FUND-SGR								
B0		002	1835	0.00	14,848.37	14,848.37	0.00		14,848.37
B0			1835	482,612.77	0.00	482,612.77	1,200.00		483,812.77
B	SUBTOTAL - GENERAL FUND-SGR			482,612.77	14,848.37	497,461.14	1,200.00		498,661.14
	GENERAL FUND- IAT								
C0		003	1835	438,460.00	0.00	438,460.00	100,226.43		538,686.43
C0			1930	8,100.00	0.00	8,100.00	0.00		8,100.00
C	SUBTOTAL - GENERAL FUND- IAT			446,560.00	0.00	446,560.00	100,226.43		546,786.43
	AUXILIARY FUND								
D	SUBTOTAL - AUXILIARY FUND			0.00	0.00	0.00	0.00		0.00
	OTHER FUNDS								
E	SUBTOTAL - OTHER FUNDS			0.00	0.00	0.00	0.00		0.00

SCHEDULE 3

RUN DATE : 08/14/04
RUN TIME : 19:41:02
REPORT ID : 4G32-085
DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
SCHEDULE OF APPROPRIATED REVENUE BY TYPE
GENERAL OPERATING APPROPRIATION FUNDS
FOR YEAR ENDED JUNE 30, 2004

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

APPROPRIATED REVENUE FUND	ISIS APPR NUMBER I	REVENUE SOURCE CODE II	CLASSIFIED CASH RECEIPTS THROUGH JUNE 30, 2004 III	UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2004 IV	TOTAL CASH DEPOSIT WITH TREASURY III + IV V	ACCOUNTS RECEIVABLE AT JUNE 30, 2004 VI	AGENCY ADJUSTMENT VII	TOTAL REVENUE VIII
F TOTAL - APPROPRIATED REVENUE			929,172.77	14,848.37	944,021.14	101,426.43		1,045,447.57
			===============	==============	================	==============		================

SCHEDULE 3

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
NON APPROPRIATED OTHER FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

Schedule No. 6
ISIS Agency No. 662

				TOTAL
REVENUES (Full Accrual)				
Satellite Interest	$	$ 262,000	$	$ 262,000
Satellite Rental Income		117,000		117,000
Donated Support		3,957		3,957
Lottery		131,065		131,065
Facilities Rental Income		559,520		559,520
Total Revenues		1,073,542		1,073,542
EXPENSES (Full Accrual)				
Capital Outlay	$	$ 168,225	$	$ 168,225
Personal Services		19,841		19,841
Professional Services		6,375		6,375
Other Charges		530,000		530,000
Satellite Rental Expense		470,000		470,000
Total Expenses		1,194,441		1,194,441
Excess (deficiency) of revenues over expenses	(42,895)	(120,899)		(163,794)
Fund balances at beginning of year	(104,544)	6,658,984		6,554,440
Adjustments				
Fund balances at end of year	$ (147,439)	$ 6,538,085	$	$ 6,390,646

SCHEDULE 6

ISIS Agency No._______
Schedule No._________

STATE OF LOUISIANA
______________________________(agency)
ESCROW FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 20__

Unit Name:

Balance at beginning of year $ _______________

Revenues (additions July 1, 2003 through June 30, 2004):

Expenditures (deductions July 1, 2003 through June 30, 2004):

Balance as of June 30, 2004

Accruals
Receivables:
Amount classified in 2004 (July 1, 2004 through August 14, 2004)
*Amount classified in 2005 (July 1, 2004 through August 14, 2004)
**Amount not classified as of August 14, 2004 (GASB 34 full accrual)

Payables:
Amount paid in 2004 (July 1, 2004 through August 14, 2004)
*Amount paid in 2005 (July 1, 2004 through August 14, 2004)
**Amount not paid as of August 14, 2004 (GASB 34 full accrual)

Balance at end of year $ _______________

*Should be accruals for prior year activity but reflected in the 2005 fiscal year.
**Should be accruals for prior year activity not yet reflected in the financial system.

Prepared By____________________________
Telephone_____________________________
Email_________________________________

Schedule 8

Department/Commission/District Louisiana Educational Television Authority

Budget Schedule No. 662

Preparer: Joanne Gaudet

Phone Number: 767-4270

Cash Basis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

DUNS Number: 017-852-104

EIN Number: 72-0850372

NOTE: If other than cash basis, please attach description of basis used.

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Cash Disbursements	Receipts/ Issues	Total
Direct Awards:										
U.S. Dept of Commerce			11.550		Public Telecommunications Facilities Program (PTFP)	22-02-N00007	10/01/00-9/30/04	553,769		553,769
Pass thru Awards:										
U.S. Dept of Education	LA Dept of Education		84.002		Adult Education State Leadership		10/01/03-12/31/04 2/01/04-12/31/04	34,154		34,154
U.S. Dept of Commerce	Educational Broadcasting Foundation		11.550		Public Telecommunications Facilities Program (PTFP)	22-02-N01060	10/01/01-9/30/04	348,653		348,653
						Total		936,576		936,576

Filename: s:\finaud\SINGELAUDIT\04singau\SEFA\Instructions\sched-8.xls

Schedule No. 10
ISIS Agency No. 662

STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD (COMMISSION) MEMBERS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2004

NAME	NUMBER	AMOUNT
William Arceneaux	6	$0.00
Jesse Bankston	3	0.00
Wayne Berry	9	0.00
Lucile Blum	1	0.00
Fr. James Carter	2	0.00
Carl Crowe	3	0.00
Bob Davidge	7	0.00
Barbara DeCuir	6	0.00
Clara Duhon	1	0.00
Mary Eaton	7	0.00
Frank France	1	0.00
Felicia Harry	6	0.00
Jane Kirkpatrick	6	0.00
Betty Lauricella	2	0.00
Bill Miller	0	0.00
Jim Nickel	2	0.00
Sue Rainer	2	0.00
Clinton Raspberry	0	0.00
Jennifer Reilly	3	0.00
Deano Thornton	7	0.00
Sissie Villaume	0	0.00
Carole Wallin	1	0.00
James White	1	0.00
TOTAL		$ 0.00

NOTE: Provide a separate copy of this schedule for each board (commission) by fund (appropriation).

Schedule No. 11
ISIS No. 662

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
SCHEDULE OF CONSULTANT FEES FOR FEASIBILITY STUDIES
AND OTHER SPECIAL REPORTS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2004

Accounting and Auditing	$13,300
TOTAL	$ 13,300

NOTE: Where more than one fund (appropriation) applies, separate by fund (appropriation).

SCHEDULE OF INTERAGENCY RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2004

I Agency Number	II Source	III Classified June 30, 2004	IV Unclassified June 30, 2004	V Accounts Receivable on a Modified Accrual Basis	VI Totals
252	Office of Business Development	$426,500.00	$	$	$426,500.00
671	Board of Regents	8,100.00			8,100.00
678	Dept of Education	11,960.00		100,226.43	112,186.43
	Total	$446,560.00	$	$100,226.43	$546,786.43

Schedule 13 is a recapitulation of the total Interagency Receipts reported as of August 14, 2004.

1. In column I, list the ISIS agency number, if applicable, of the source of revenue.
2. In column II, list the sources of the revenue (i.e. state agency, college, internal service fund, etc.)
3. In column III, enter the amount received from each source for June 30, 2004.
4. In column IV, enter the amount of unclassified cash for each source at June 30, 2004.
5. In column V, enter the amount of accounts receivable for each source received during the 45 day close.
6. In column VI, enter the total revenue received from each source.

TOTALS FOR COLUMNS III, IV, V, AND VI MUST EQUAL SCHEDULE 3, LINE C, COLUMNS III, IV, VI, AND VIII, RESPECTIVELY.

Schedule Number________
ISIS Agency Number_______

GASB 34 REVENUE ACCRUALS
FOR THE YEAR ENDED JUNE 30, 20_____

Funding Source (list by name):	Organization #	Object	2003-04 GASB 14 Accrual	2002-03 GASB 34 Accrual reversal
Federal:			$	$
Self-Generated:				
Major State Revenue:				
Total GASB 34 accruals (gross)				
Less: Allowance for Uncollectibles (for all funding sources)				
Federal:				
Self-Generated:				
Major State Revenue:				
GASB 34 receivable adjustment net of uncollectibles			$	$
Amount Included above not expected to be collected in one year				
Federal:				
Self-Generated:				
Major State Revenue:				
Total amount included above not expected to be collected in one year			$	$

SCHEDULE 14

STATE OF LOUISIANA

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change (Add additional sheets as necessary for explanation).

	2004	2003	Difference	Percentage Change
1) Revenues (a)	$ 1,045,447.57	$ 875,404.46	$ 170,043.11	$ 19.4%
Expenditures (b)	9,459,035.02	9,176,750.60	282,284.42	3.1%

Explanation for change:
LETA received a one-time grant of $426,500 from the Department of Economic Development.

(a)Revenues must equal the following:
Total revenue on Schedule 3 or Schedule 3-1, if prepared
+Full current year accrual revenues on Schedule 14
-Full prior year accrual revenues on Schedule 14
+2004 Payroll Federal revenue accrual from Note R
-2003 Payroll Federal revenue accrual from Note R
(b)Expenditures must agree with total expenditures on Schedule 1 or Schedule 3-1, if prepared, **plus** 2004 payroll accrual, **less** 2003 payroll accrual

2)	2004 Original Budget ©	2004 Final Budget (d)	Difference	Percentage Change
Revenues	$ 9,802,992	$ 9,737,989	$ -65,003	$ 6.6%
Expenditures	9,802,992	9,737,989	-65,003	6.6%

Explanation of change:

3)	2004 Final Budget (d)	2004 Actual (a)(b)	Difference	Percentage Change
Revenues	$ 9,737,989	$ 9,416,140.57	$ 321,848.43	$ 3.3%
Expenditures	9,737,989	9,459,035.02	278,953.98	2.9%

Explanation of change:

©The original budget amount should equal the budget amount appropriated by the Legislature (Act 14).
(d)The final budget amount should equal the original budgeted amount plus or minus all of the BA7's (revisions).

STATE OF LOUISIANA
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2004

INTRODUCTION

The LETA is an agency of the State of Louisiana reporting entity and was created in accordance with Title 17, Chapter 13 of the Louisiana Revised Statutes of 1950 as a part of the ____________________________ branch of government. The LETA is charged with educational progress within the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LETA prepared its financial reports in accordance with the procedures established by the Division of Administration. The financial activities of the LETA are accounted for on a fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented herein, is reported under the modified accrual basis of accounting as prescribed by GAAP for fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial reports presented at fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by GAAP.

Annually the State of Louisiana issues a comprehensive annual financial report, which includes the activity, contained in the accompanying financial reports. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

1. FUND ACCOUNTING

General Operating Appropriations
The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenditures and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.

Non-Appropriated Funds (describe each Non-Appropriated Fund)
Major State Revenues and Income Not Available - The agency collects major state revenues that are remitted to the State Treasury for deposit to statutorily dedicated funds. In addition, the agency collects funds specifically identified by the Division of Administration - Budget Office as Income Not Available that are remitted to the State Treasury. These amounts are not available to the agency for expenditure and are detailed on Schedule 4.

Payroll Clearing Fund-The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

The non-appropriated funds relating to Major State Revenues, Income Not Available and Payroll Clearing are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

For purposes of this report presentation, collections in excess of Appropriated Means of Financing are shown on Schedule 3.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial reports. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the LETA are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenues - State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45-day close period.

Fees and self-generated revenues, interagency transfers, federal funds, intrafund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available. (Describe other basis of revenue recognition, which differs from this.)

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid. (List any other exceptions.)

B. IMPREST FUNDS

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of $3,500.00 as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented. At June 30, 2004, the petty cash consists of:

- Cash in Bank Accounts $3,500.00
- Petty Cash on hand $0.00
- Other Receivables $0.00

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the LETA agency may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the agency may invest in time certificates of deposit in state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, savings accounts or shares of savings and loan associations and savings banks, and share accounts and share certificate accounts of federally or state chartered credit unions.

CASH IN STATE TREASURY

The LETA agency had deposits in the State Treasury totaling $302,261.94 at June 30, 2004. These amounts consist of the following:

$ 302,261.94	Cash in Agency Means of Financing
$________	Cash in Agency Operating
$________	Cash in Agency Escrow Accounts
$________	Other (identify)

As the State Treasurer provides the collateralization, do not include deposits in the State Treasury in the tables below.

CASH NOT IN STATE TREASURY

The LETA agency had deposits in bank accounts totaling $ 0 at June 30, 2004. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in a custodial bank in the name of the ________ agency under the account of the pledging fiscal agent bank in a holding or custodial bank. The State Treasurer's Office or agency receives safekeeping receipts or an acknowledgement of the pledge of securities from the custodial bank. The deposits at June 30, 20___, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Balance per agency books	$	$	$	$
Bank balances **(category 3 only, if any) Identify amounts reported as category 3 by descriptions below:**				
a. Deposits not insured and uncollateralized	$	$	$	$
b. Deposits not insured and collateralized with securities held by the pledging institution				
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				
Total Category 3 bank balances	$	$	$	$
Total bank balances **(All categories including category 3 reported above)**	$	$	$	$

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The following is a breakdown by banking institution, program, and amount of the bank balances shown above:

	Banking institution	Program	Amount
1.			$
2.			
3.			
4.			
Total			$

2. INVESTMENTS

The LETA does not maintain investment accounts as authorized by ____________________ (note legal provisions authorizing investment by the agency).

Investments can be classified according to the level of risk of loss to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. **Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).**

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name **(separate disclosure no longer required)**

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name **(separate disclosure no longer required)**

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name **(separate disclosure still required)**

NOTE: GASB Statement 40 requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

Type of Investments	Amount Reported in Risk Category 3, if any: Held by Counterparty	Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Total Reported Amount - All Categories (Including Category 3)	Total Fair Value - All Categories (Including Category 3)
Repurchase agreements	$	$	$	$
U.S. Government securities				
Common & preferred stock				
Commercial paper				
Corporate bonds				
Other: (identify)				
Total Investments	$	$	$	$

3. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS- HELD OUTSIDE S.T.O.

a. Investments in pools managed by other governments or mutual funds ______

b. Securities underlying reverse repurchase agreements ______

c. Unrealized investment losses ______

d. Commitments as of June 30, ___, to resell securities under yield maintenance repurchase agreements:
   1. Carrying amount and market value at June 30 of securities to be resold ____
   2. Description of the terms of the agreements ______

e. Losses during the year due to default by counterparties to deposit or investment transactions ______

f. Amounts recovered from prior-period losses ______

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements ______

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year ______________________________

Reverse Repurchase Agreements as of June 30

i. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest __________________

j. Commitments on June 30, ___, to repurchase securities under yield maintenance agreements ______________________________

k. Market value on June 30, ___, of the securities to be repurchased ___________

l. Description of the terms of the agreements to repurchase________________

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ______________________________

n. Amounts recovered from prior-period losses ______________________________

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices ______________________

p. Basis for determining which investments, if any, are reported at amortized cost __

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool ______________________

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ______________________

s. Any involuntary participation in an external investment pool________________

t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate______________________________

u. Any income from investments associated with one fund that is assigned to another fund ______________________________

Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

v. Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

____

____

w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments______________________________

____

x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)______________________________

____

y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

____

____

____

z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by one of the following 5 methods: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)

____

____

____

aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.______________________________

____

____

D. GENERAL FIXED ASSETS –CAPITAL LEASES ONLY (REVISED)

List, individually, those items of movable property with a value of $5,000 or above (attach additional sheets as needed) and those buildings with a value of $100,000 or above that are under capital leases (See definition on page 12). We no longer need a complete list of General

Fixed Assets. The total must agree with the historical cost reflected in Column 1 of Note M(2) Schedule A.

Description of Item	Movable Property Tag No.	Date Acquired	Historical Cost of each Item
			$

E. INVENTORY OF MATERIALS AND SUPPLIES

In general, inventories are recorded as expenditures when purchased. The cost value of inventory, determined under (perpetual or periodic) inventory system using the (FIFO, LIFO, etc.) valuation method, at June 30, 2004, is $________________. **NOTE: Do not count postage as inventory. Include in prepayments, if material.**

F. SEEDS

The agency is in receipt of a seed in the amount of $________________ as authorized by the joint approval of the State Treasurer and the Commissioner of Administration and drawn against the State Treasurer. The seed represents a liability to the unit and must be repaid if not reauthorized annually.

The breakdown of advances by unit are as follows:

	Fund	Date Authorized	Amount
1.			$
2.			
3.			
4.			
	Total		$

G. DEFERRED REVENUE

Deferred Revenue represents revenue (generally federal) that was received during fiscal year 2004 and not yet earned. Certain federal grants may fit this description. The deferred revenue amount is $425,346.80 (federal), $0 (self-generated), and $0 (IAT).

H. OPERATING AND CAPITAL GRANTS FOR GASB 34 PRESENTATION

For OSRAP to complete the GASB 34 presentation, provide the following: the total operating grants and contributions were $34,154, and the total capital grants and contributions were $902,422.

1) Operating Grants – represent total amount of grant revenues for the year that are restricted by the grantor for operating purposes or that may be used for either capital or operating purposes at the discretion of the grantee.
2) Capital Grants – represent the total amount of the revenues for the year from grants restricted by the grantor for the acquisition, construction, of renovation to capital assets.

The sum of both should equal total federal revenues plus federal accruals.

I. JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying special purpose financial reports. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program.

Liability for claims and judgments should include specific incremental claim expenditures/expenses if known, or if it can be estimated (e.g., legal fees for outside legal assistance).

NOTE: Should you have claims which have not been submitted to Risk Management, include a schedule of these claims.

Those agencies collecting federal funds, who have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance separately.

Program	Date of Disallowance	Amount	Probability of Payment*	Estimated Settlement Amount
1.______	______	$______	______	$______
2.______	______	______	______	______
3.______	______	______	______	______
4.______	______	______	______	______
5.______	______	______	______	______
6.______	______	______	______	______

* Remote, reasonably possible, probable, or unknown

Claims and litigation cost of $______ were incurred in the current year.

J. LEAVE

1. ANNUAL AND SICK LEAVE

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2004, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be $408,940.14.

Civil Service General Circular Number 001155 states that classified employees belonging to the Teacher's Retirement System of Louisiana and to the Louisiana School Employee's Retirement System are not eligible for payment of unused sick leave upon retirement or death. L.R.S. 17:425 on the other hand provides for payment for up to 25 days of unused sick leave for members of these two systems. In Opinion Number 94-373, the Attorney General opined that the Civil Service Commission had jurisdiction over classified employees and therefore those members are not eligible for payment of unused sick leave. Because the Commission has no authority over unclassified employees, those members are eligible to receive such compensation. Should you have employees who upon retirement - or their heirs upon the employee's death - are compensated for up to 25 days of unused sick leave, disclose the liability. The liability for this unused sick leave payable at June 30, 2004 is $0.

2. Compensatory Leave (Use for Non-Exempt Employees)

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $ 22,700.91.

K. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS PER GASB 12

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the LETA agency to provide

certain continuing health care and life insurance benefits for its retired employees. Substantially all of the agency's employees become eligible for those benefits if they reach normal retirement age while working for the agency. Monthly premiums are paid jointly by the employees and the employer (from the agency appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMOs authorized by Group Benefits. The agency recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2004, the costs of retirees' benefits totaled $134,802.02, while the number of retirees is 28. (As defined by the GASB Statement 12, dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive.)
The cost of retirees' benefits is net of participant's contribution.

L. ENCUMBRANCES

The following are multi-year contracts whose payments are to be liquidated with statutorily dedicated funds **only**: (Show each year separately). The General Fund is not shown. An example would be certain payments made by the Department of Natural Resources. Obligations are made against the Wetlands Conservation and Restoration Fund for contracts, which are let for two to five years in the future. Be sure that you do not double count cooperative endeavors that are reported in note U.

Examples:
Wetlands Fund ______________________________
Lottery Proceeds Fund ______________________________
____
____

M. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2003 - 2004 amounted to $538,244.00.

1. OPERATING LEASES – Do not include leases on state office buildings financed through Office Facilities Corporation

Operating leases are all leases, which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule.

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY 2010-2014
a. Office space	$	$	$	$	$	$
b. Equipment						
c. Land	76,054	77,054	77,054	78,006	79,008	315,286
d. Other	600,000	600,000	200,000			
Total	$ 676,054	$ 677,054	$ 277,054	$ 78,006	$ 79,008	$ 315,286

Rental expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter the lease. In those instances, rental expense is determined on either a straight-line or interest basis over the term of the lease, as required by GASB 13, and not in accordance with lease terms. The agency does (does not) have leases with scheduled rent increases due to temporary rent reductions used as an inducement to enter the lease.

2. CAPITAL LEASES AND LEASE PURCHASES-Do not include leases on state office buildings financed through Office Facilities Corporation

Capital leases are defined as an arrangement in which any one of the following conditions apply (l) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/04. In schedule B, report only those new leases entered into during fiscal year 2003-2004. Note: LEAF leases should not be included in this schedule.

SCHEDULE A – CAPITAL LEASES EXCEPT LEAF LEASES

Nature of lease	Gross Amount of Leased Asset (Historical Cost)	Remaining Interest and executory costs to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space	$	$	$	
b. Equipment				
c. Land				
Total	$	$	$	

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2004:

	Total
2005	$ ______
2006	______
2007	______
2008	______
2009	______
2010-2014	______
2015-2019	______
2020-2024	______
Total minimum lease payments	______
Less amounts representing executory costs	(______)
Net minimum lease payments	______
Less amounts representing interest	(______)
Present value of net minimum lease payments	$ ______

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross Amount of Leased Asset (Historical Cost)	Remaining interest to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space	$ ______	$ ______	$ ______	______
b. Equipment	______	______	______	______
c. Land	______	______	______	______
Total	$ ______	$ ______	$ ______	

Following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 20___:

	Total
2005	$ ______
2006	______
2007	______
2008	______
2009	______
2010-2014	______
2015-2019	______
2020-2024	______
Total minimum lease payments	______
Less amounts representing executory costs	(______)
Net minimum lease payments	______
Less amounts representing interest	(______)
Present value of net minimum lease payments	$ ______

3. REVENUE LEASES

LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease when (1) any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the schedule below.

Composition of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$ ______	$ ______	$ ______
b. Equipment	______	______	______
c. Land	______	______	______
Less amounts representing executory costs	(______)		
Minimum lease payment receivable	______		
Less allowance for doubtful accounts	(______)		
Net minimum lease payments receivable	______		
Less Estimated Residual Value of Leased Property	(______)		
Less unearned income	(______)		
Net investment in direct financing lease	$ ______		

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were $ __________for office space, $ ___________ for equipment, and $ ____________ for land.

The agency received lease revenues for ________________________ . Total revenues for fiscal year 20__ - 20__ totaled $______________. The following is a schedule by years of minimum lease receivable for the five succeeding fiscal years as of June 30, 2004:

Minimum Lease Receivables

2005	$ ______
2006	______
2007	______
2008	______
2009	______
2010-2014	______
2015-2019	______
2020-2024	______

Total	$ ________

4. LESSOR - Operating Lease

When a lease agreement does not satisfy at least one of the four criteria for reporting as a capital lease (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation (optional for Governmental Funds) as of June 30, ____.

a. Office space	$________
b. Equipment	________
c. Land	________
Less: accumulated depreciation	(________)
Total carrying amount of property	$________

The following is a schedule by years of minimum future rentals on noncancellable operating lease(s) as of _________ (last day of fiscal year):

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	2010-2014
a. Office space	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
b. Equipment	______	______	______	______	______	______
c. Land	______	______	______	______	______	______
d. Other	______	______	______	______	______	______
Total minimum future rentals	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______

Current year lease revenues received in fiscal year_________ totaled $_____________.

Contingent rentals received from operating leases for fiscal year 2004 were $ ________ for office space, $ ____________ for equipment, and $ _____________ for land.

N. RELATED PARTY TRANSACTIONS

List all related party transactions as defined by FASB 57 including the description of all relationships, the transactions, the dollar amount of the transactions and any amounts to or from which result from related party transactions.

During the current and prior years, monies were received from various universities who are leasing unused transponder space on a satellite owned by Louisiana Educational Television Authority (L.E.T.A.). Upon receipt, these rental payments were deposited in the Trust account of the Foundation and are therefore considered due to L.E.T.A. At June 30, 2004, the net amount owed to L.E.T.A. for these rentals is $6,485,861 which includes $1,648,600 of interest earnings.

In the current year and prior years, $603,865 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due to L.E.T.A. balance at June 30, 2004.

In the current year, the Foundation received $120,759 towards payment for equipment and facilities rental for L.E.T.A. and expended $91,239 of these funds in accordance with a Board resolution relating to the equipment and facilities rental agreement. The net amount due to L.E.T.A. of $29,520 is included in the Due to L.E.T.A. balance at June 30, 2004.

In addition, during the current and prior year the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses incurred for these services amounted to $618,209 and is considered in the Due to L.E.T.A. balance at June 30, 2004.

In the current year, the Foundation received $537,978 for the purchase of equipment. During the current year, $300,000 of these funds had been used to purchase equipment. The net amount of $237,978 is included in the Due to L.E.T.A. balance at June 30, 2004.

O. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. One of the two entities party to on-behalf payments for fringe benefits and salaries may be a non-governmental entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends.

1. Reporting:
   a. Employer Entity:

The amount of revenues recognized (received) during the year plus any receivables at year end by third-party recipients for fiscal year _______ is $____________.

The amount of expenditures/expenses when the employer entity is not legally obligated to make payments is recognized as the amount of revenues recognized. The amount of expenditures/expenses recognized for fiscal year _______ is $___________.

The amount of expenditures/expenses when the employer entity is legally obligated to make payments is recognized based on the accounting standards applicable to that type of transaction. For example, if contributions are made to a pension plan, the expenditure/expense should be recognized following pension accounting standards. The amount of expenditures/expenses recognized for fiscal year _______ is $ ____________.

b. Paying Entity:

A paying entity would not recognize any revenues for on-behalf payments for fringe benefits.

The amount of expenditures/expenses recognized and classified by the paying entity is the same amount it would use to classify similar cash grants to other entities. The amount of expenditures/expenses recognized for fiscal year ______ is $________________.

2. Disclosure:
The following on-behalf payments that are contributions to a pension plan for which the agency is not legally responsible are:

Contributor	Pension Plan

P. PASS-THROUGH GRANTS

Pass-through grants are grants and other forms of financial assistance received by governmental entities to be transferred to or spent, according to legal or contractual requirements, on behalf of secondary recipients, which may or may not be governmental entities or agencies. Pass-through grants are grants which meet any of the following criteria:

The government entity monitors secondary recipients for compliance with program requirements.

The governmental entity determines secondary recipients eligibility even if the grantor's eligibility criteria are used.

The governmental entity is able to determine how grant funds are to be allocated.

The governmental entity has direct financial involvement in administration of the grant, such as financing part of the program costs for matching purposes or being liable for disallowed costs. This does not apply to incidental administrative costs.

Grant Name	Federal Identification Number	Amount
		$

Q. IN-KIND CONTRIBUTIONS

(List all in-kind contributions that are not included in the accompanying financial reports.)

In-Kind Contributions	Cost/Estimated Cost/ Fair Market Value as Determined by Grantor
	$
Total	$

(NOTE: In-kind contributions represent things of value donated or received by your agency from an outside source which would otherwise create an expenditure to the agency if the agency was required to purchase the goods or services from current resources. Examples are 1) pharmacy items donated to a state hospital from a pharmaceutical company, 2) food items donated to a state prison from the U.S. Department of Agriculture, or 3) donated fixed assets, recorded at fair market value, and also recorded in general fixed assets. Do not include within the in-kind contribution funds contributed by local governments or nonprofit organizations to provide program matching shares.

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2003-2004 accrued personal services cost for this fiscal year on the accompanying financial reports. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2002-03 accrual calculation based on six (6) days and the fiscal year 2003-04 calculation will be based on eight (8) days. Agencies must also determine the federal match on this accrual calculation. Agencies must submit the payroll accrual by program.

STATE OF LOUISIANA
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2004

		FY 2002-03	FY 2003-04
1.	07/11/03 Payroll (gross & related)	$161,641.83	
2.	07/9/04 Payroll (gross & related)		$174,849.43
		X 60.0%	X 80.0%
2a.	Payroll accrual	96,985.09	139,879.54
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3.	Total payroll accruals	$96,985.09	$139,879.54
4.	Estimated federal receivable attributed to the accrual shown above	$ 0	$ 0

Total Agency Expenditures

5.	Total programs from Schedule 1(or 3-1 if applicable) (Schedule 1, col. V, line 18 or Schedule 3-1, col. V, line 16)	9,416,140.57
6.	Less: 2002-03 accrual from line 3, column 1 above	96,985.09
7.	Plus: 2003-04 accrual from line 3, column 2 above	139,879.54
8.	This should be the total for *all* programs	$ 9,459,035.02

Total Federal Revenue

9.	Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1 (Federal)	
10.	Less: 2002-03 accrual from line 4, column 1 above	
11.	Plus: 2003-04 accrual from line 4, column 2 above	
12.	Less: Deferred Revenues on Note G (Federal)	
13.	Total Federal Funds for all programs.	$ 0

Accrual by Programs:	Payroll	Federal Receivable
Program 1 Administrative Support	$ 16,070.41	$
Program 2 Broadcasting	123,809.13	
Program 3		
Program 4		
Program 5		
Total	$ 139,879.54	$

S. PER DIEM PAID BOARD (COMMISSION) MEMBERS

Per diem payments are presented on Schedule 10. The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with Senate Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

T. CONSULTANT FEES FOR FEASIBILITY STUDIES AND OTHER SPECIAL REPORTS

Schedule 11 presents professional services payments made for consultant fees for feasibility studies and other special reports. This schedule is prepared in compliance with Senate Concurrent Resolution No. 35 of the Regular Session of 1974.

U. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

Funding Source	Balance June 30, 2004
State General Fund	$
Self-generated revenue	
Statutorily dedicated revenue	
General obligation bonds	
Federal funds	
Interagency transfers	
Other funds/combination	

Be sure that you do not include encumbrances reported in note L.

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

V. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-04:

CFDA Number	Program name	State Match Percentage	Total Amount of Grant
		%	$
Total government-mandated nonexchange transactions (grants)			

W. SUBSEQUENT EVENTS (Describe)

X. GASB 34 ACCRUALS moved to Schedule 14

Y. PREPAID EXPENSES

Certain items are commonly paid for in advance. Examples are insurance premiums and rent. If your prepayments, along with your other adjustments, exceed the materiality levels as discussed on page 2 of the cover letter, you should disclose this amount below. The amount of prepaid expenses, including postage, for this agency at June 30, 2004 is $0.

Z. ACCOUNTS PAYABLE

The total amount of open accounts payable should agree with Schedule 1, line 18 of column III plus column IV, less any system payroll voids and supplementals (off-cycle) paid in the 13th period. Accounts payable for this agency at June 30, 2004 is $1,110,677.57.

AA. INFRASTRUCTURE

Infrastructure is defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, street signage, street lamps, traffic signals, drainage systems, water and sewer systems, dams, and lighting systems.

Each agency with infrastructure assets is required to track infrastructure expenditures to determine if the year's expenditures would be above the $3 million threshold per infrastructure asset. List individually those infrastructure items with a value of $3,000,000 per infrastructure asset, per year:

Description of Infrastructure	Cost
	$

BB. LAND AND LAND IMPROVEMENTS (not reported to State Land Office or Facility Planning and Control)

Some agencies may acquire land or make land improvements that are not reported to the State Land Office or Facility Planning and Control. Land improvements are those betterments, improvements, and site preparations that ready land for its intended use. Some examples of land improvements would be excavation, filling, grading, demolition of existing buildings, and removal or relocation of other property (telephone or power lines). Other land improvements are built or installed to enhance or facilitate the use of the land for a particular purpose and may include walking paths and trails, fences and gates, landscaping, sprinkler systems, fountains, and beaches. Land and land improvements should be reported at cost, estimated cost, or estimated fair value at date of acquisition and should include all expenses necessary to obtain title such as legal fees.

List individually all land acquisitions and any improvements to land that the agency has made during the fiscal year that is not reported to the State Land Office or Facility Planning and Control:

Description of Land or Improvement	Cost
	$

Information for Note C "Deposits with Financial Institutions and Investments"
(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. **GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:**

1) modified the custodial credit risk disclosures of Statement 3 for deposits to limit the required disclosure to only category 3, thus eliminating the disclosures of category 1 and 2 deposits.

2) modified the custodial credit risk disclosures of Statement 3 for investments to limit the required disclosure to only category 3, thus eliminating the disclosures of category 1 and 2 investments.

3) established or modified disclosure requirements related to investment risks for concentrations of credit risk and interest rate risk (disclosures of investments that have fair values that are highly sensitive to changes in interest rates).

4) established disclosure requirements for foreign currency risks for both deposits and investments.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- "Deposits with Financial Institutions" and "Investments" in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, "Deposits" in Note C may come from several line items on the balance sheet such as "Cash in Bank" and "CD's", or even "Investments" (See section II below that gives further guidance on what should be considered "Deposits" in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be listed separately from the deposits.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. "Deposits with Financial Institutions" section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits With Financial Institutions" (See A. for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and nonnegotiable CD's. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.

- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be separate line items.

A. Examples and/or definitions:
Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in $1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)
Money Market Accounts – financial institution "money market" accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.
Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:
Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).
Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. "Investments" section of Note C:

- Following GASB Statement 3 requirements, investments (listed by type) were either "categorized as to level of credit risk" or "not categorized", and were generally classified by whether they fit the definition of securities or not (see the definition of securities in section IV.C.). **GASB Statement 40 has eliminated the requirement to disclose investments by the 3 categories and classified or non-classified. Now investments are simply listed by type and if any category 3 investments exist, that fact would be disclosed in a paragraph form.**
- **Types of investments for listing investments by type definitions/examples:**
  1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower): the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
  2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
  3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
  4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
  5. Corporate Bonds

6. Other (identify) – It is not appropriate to present material amounts of investments as "Other", unless the note disclosure describes the composition of the "Other" category. The following are examples of other investments:

a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.

b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.

c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.

d. Investments in pools managed by another government – GASB 3 does not require the investment to be categorized as to level of risk, but it does not prohibit it either. Generally, these investments would not be categorized because they are not evidenced by securities that exist in physical or book entry form.

e. Private placements, such as venture capital and limited partnerships

f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly **credit risk, market risk, interest rate risk, and foreign currency risk**.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.
Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.
Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name.

GASB Statement 40 has eliminated the requirement to disclose category 1 and 2 deposits. Only category 3 deposits are now required to be disclosed. If an entity has deposits exposed to custodial credit risk Category 3, it should disclose:

1. **the amount of those balances,**
2. **the fact that they are uninsured, and**
3. **whether the balances are either:**
    a. **Uncollateralized,**
    b. **Collateralized with securities held by the pledging financial institution, or**
    c. **Collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name.**

B. Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

Category 1 – Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.
Category 2 – Investments that are not insured or registered, and the securities are held by the counterparty's trust department or agent in the entity's name.
Category 3 – Investments that are not insured or registered, and the securities are held by the counterparty or it's trust department or agent not in the entity's name.

GASB Statement 40 has eliminated the requirement to disclose investments by the 3 categories and classified or non-classified. Now investments are simply listed by type and if any category 3 investments exist, that fact would be disclosed in a paragraph form.

Additional Risk Disclosures for Investments:

C. Securities as applied to the credit risk categories:

Securities – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:
a. treasury bills, treasury notes, treasury bonds
b. federal agency obligations
c. corporate debt instruments (including commercial paper)
d. corporate equity instruments
e. negotiable CD's (keyword here is negotiable)
f. bankers' acceptances
g. shares of closed-end mutual funds (keyword here is closed-end)
h. shares of unit investment trusts

2. Instruments or investments that are <u>not</u> securities include:
(These instruments or investments would therefore not be categorized as to credit risk for GASB 3 disclosure requirements)

a. investments made directly with another party (such as limited partnerships)
b. real estate
c. direct investments in mortgages and other loans
d. investments in open-ended mutual funds (keyword here is open-ended)
e. pools managed by other governments
f. annuity contracts
g. guaranteed investment contracts

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

MANAGEMENT LETTER

JUNE 30, 2004

BATON ROUGE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date____________________

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August 20, 2004

Members of the Louisiana Educational
Television Authority
State of Louisiana
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the Louisiana Educational Television Authority for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, during our audit we became aware of certain matters, which are opportunities to strengthen internal controls as discussed below. This letter does not affect our report dated August 20, 2004 on the financial statements of the Authority.

Current Year Findings:

Reporting

Finding 04-1:

During our current year testing of the Public Telecommunications Facility Program grant, it was noted that several required progress reports weren't filed in a timely manner.

Recommendation:

We recommend that the Authority implement a system to monitor the reporting deadlines for the various grants so that the required reports are filed in a timely manner.

Code of Ethics Policy

Finding 04-2:

During the current year, it was noted that the Authority follows the State of Louisiana's Code of Governmental Ethics policy. However, the Authority doesn't have a formal procedure in place to require board members and employees to review and sign the policy on an annual basis.

Recommendation:

We recommend that the ethics policy be reviewed by board members and employees each year and the policy require an annual certification letter from board members and employees attesting to their compliance. If members and employees are aware of the ethics policy and are given a refresher course every year the risk of unknowingly violating the policy would be low.

This report is intended for the information of management, others within the organizations, the Census Bureau, the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statue 24:513, this report is distributed by the Legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Louisiana
Public
Broadcasting
LPB
7733 Perkins Road
Baton Rouge, LA 70810

A Service of the ***Louisiana Educational Television Authority***

August 30, 2004

Ms. Celeste Viator, C.P.A.
Hannis T. Bourgeious & Co., LLP
2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

Re: LETA FY 2003-04 Audit

Dear Ms. Viator:

Please accept the following as our formal response to the FY 2003-04 financial statement audit.

Reporting 04-01

LETA agrees with the recommendation to implement a stronger system to monitor reporting deadlines to ensure required reports are filed in a timely manner. While no funds were placed at risk, nor substantial violations cited by the grantor in this case, LETA nonetheless will modify its procedures to strengthen this aspect of its grant reporting system.

Code of Ethics 04-2

We appreciate the auditor's acknowledgement of our adherence to the State of Louisiana's Code of Ethics policy. LETA will strengthen this effort through an annual review of such policy for all employees. LETA board members currently are required to comply with the Federal Communications Commission's questionnaire regarding possible adverse judgments, interest in broadcast/cable entities, and related possible conflicts of interest. LETA will attempt to add to the FCC annual certification for board members, a review of the State of Louisiana's Code of Ethics policy similar to the one for employees.

Sincerely,

John L. Tarver
Director of Business Services