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A Public Telecommunications Entity Operated by  
Southernmost Louisiana University

Financial Statements and  
Independent Auditor's Report

June 28, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public, or reviewed, orally 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.

Original Date ~~1999-1-4-2000~~

1999-1-4-2000

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A Public Telecommunications Entity Operated by  
Southern Louisiana University

Financial Statements and  
Independent Auditor's Report

June 30, 1997

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# Durnin & James

MEMBERSHIP ACCOUNTANTS

Edna J. Davis, CPA  
Doris E. Jones, CPA  
\*A Professional Corporation

Charles B. Mathews, CPA  
Robert C. Gray, CPA

St. Joe  
Auditors, L.L.C. #11  
Crested Hill, La. 70501

St. Joe  
Baton Rouge office  
Crested Hill, La. 70501

November 13, 1987

## INDEPENDENT AUDITOR'S REPORT

Mr. Tom Mathewson,  
General Manager  
KSLM-FM Radio  
Bossier, Louisiana

We have audited the accompanying statements of financial position of KSLM-FM Radio, a license and public telecommunications entity operated by Southwestern Louisiana University as of June 30, 1987, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of KSLM-FM Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. A 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSLM-FM Radio as of June 30, 1987, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

  
DURNIN & JAMES  
CPA's

**STATE OF KENTUCKY**  
**A Public Telecommunications Entity Operated By**  
**East Kentucky Local Area University**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 1997**

		\$1,197,000
<b>ASSETS</b>		
University Intra-Fund Balances	\$ 91,500	
Accounts Receivable	1,000	
Equipment, Net of Accumulated Depreciation	1,004,500	
<b>TOTAL ASSETS</b>		<b>\$1,197,000</b>
<b>LIABILITIES AND NET ASSETS</b>		
University Intra-Fund Deficit	\$ 7,000	
<b>TOTAL LIABILITIES</b>		<b>\$ 7,000</b>
<b>NET ASSETS</b>		
Unrestricted	120,000	
<b>TOTAL NET ASSETS</b>		<b>120,000</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$1,197,000</b>

The accompanying notes are an integral part of this statement.

KELL-HH RADIO  
A Public Telecommunications Entity Operated By  
Southeastern Louisiana University

8/11/77

**STATEMENT OF ACTIVITIES**  
June 30, 1977

<b>DECREASE IN UNRESTRICTED NET ASSETS:</b>	—120,000
Revenues and Gains:	
Contributions from Southeastern Louisiana University:	
General Appropriation	\$ 950,000
Physical Facilities and Administrative Support	90,000
In-Kind Donated Broadcast Facilities	98,000
Student Station Assessment	80,000
Grant Revenues	90,000
Private Donor Revenues	—12,000
<b>TOTAL UNRESTRICTED REVENUES AND GAINS</b>	<b>1,486,000</b>
<b>EXPENSES:</b>	
Unrestricted Operating Funds	940,000
Unrestricted Operating Funds	91,000
Community Service Grant - FY 74 Fund	8,000
Community Service Grant - FY 75 Fund	91,000
National Production and Program Acquisition Grants:	
FY 74 Fund	20,000
FY 75 Fund	—20,000
<b>TOTAL UNRESTRICTED EXPENSES</b>	<b>1,150,000</b>
<b>DECREASE IN NET ASSETS</b>	<b>336,000</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>120,000</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>456,000</b>

The accompanying notes are an integral part of this statement.

RELIN-OR BASTE  
 A Public Telecommunications Entity operated by  
 Northeastern Louisiana University

NOTES TO FINANCIAL STATEMENTS

June 30, 1993

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KLMU-FM RADIO  
A Public Telecommunications Entity Operated by  
Southeastern Louisiana University

Notes to Financial Statements

June 30, 1997

**10) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of KLMU-FM Radio (the station) have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the understandability of the financial statements to the reader.

**(a) Organization**

KLMU-FM Radio is a public telecommunications entity operated by Southeastern Louisiana University in Hammond, Louisiana. Its purpose is to provide radio programming and broadcasting in Hammond, Louisiana and surrounding areas. The station is funded in part by direct state appropriations through Southeastern Louisiana University, in-kind support from the University, and students' self-assessed fees through the University. The station is also funded through grants provided by the Corporation for Public Broadcasting as well as private sector underwriting sources. The station presently has ten full-time employees.

**(b) Fund Accounting**

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

The assets, liabilities, and fund balances of KLMU-FM Radio are reported in self-balancing fund groups as follows:

**Operating Funds** include resources available to support the operations of KLMU-FM Radio. Primary support is provided by Southeastern Louisiana University; however, additional support is provided through in-kind donations and certain broadcast facilities.

**Property Fund** includes resources devoted in property and equipment used in KLMU-FM operations.

**Community Service Grant Funds** represent grants funded by the Corporation for Public Broadcasting. The accounts funded are designated for station operation expenses.

KSLA-FM RADIO  
A Public Telecommunications Entity operated by  
Southeastern Louisiana University

NOTES TO FINANCIAL STATEMENTS (Continued)

Related Production and Programming Grant Funds represent grants issued by the Corporation for Public Broadcasting. The amounts funded are designated for national production and program acquisition expenses.

000 **University Intra-Fund Balances**

Southeastern Louisiana University provides such management services to KSLA-FM Radio. Amounts included in intra-fund balances represent the respective payables or receivables between KSLA-FM Radio and the university.

040 **Statement of Cash Flow**

For the purposes of the statement of cash flow, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

040 **Facilities Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in fund balances. Accordingly, certain costs have been allocated among programs and supporting services benefited based on total program costs or the other systematic bases.

040 **Indirect Contributions and Support**

Donated facilities from Southeastern Louisiana University consist of studio and office space together with related occupancy costs and are recorded in revenue and expense at either fair market value or the direct cost with allocations based on KSLA-FM Radio's respective usage.

In-kind programming support consists of remote broadcasting facilities provided at no cost to KSLA-FM Radio for programming and/or broadcasting operations. The value of such support is generally the cost to the provider or amount determined to be acceptable to the Corporation for Public Broadcasting.

040 **Restricted Support**

The public broadcaster reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.



KILB-IN RADIO  
A Public Telecommunications Entity operated by  
Southeastern Louisiana University

Notes to Financial Statements (Continued)

**10) Gifts of Long-Term Assets**

The public broadcaster reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify for the donated assets that be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived long-lived assets must be maintained, the public broadcaster reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**11) Revenue Recognition**

Unrestricted contributions, pledges, and grants are recognized as revenue in the statement of financial activity upon receipt. Other unrestricted programs are recognized as earned either upon receipt or accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended in full in accordance of the related liability.

**12) Financial Statement Presentation**

In 1986 the Commission elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, the Organization 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. In 1987, the Organization is required to present a statement of Cash Flows.

**13) Contributions**

The Organization also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1986. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**14) PROPERTY AND EQUIPMENT**

Fixed assets are recorded at cost or, in the case of donated property, at estimated fair market value at the date of receipt. Depreciation is calculated by the straight line method for all property acquired prior to 1980, and for property acquired after 1980, and by the accelerated cost recovery (ACRS) method for all property acquired from 1980 to 1986. Estimated useful lives of property used in depreciation calculations range from three to ten years. Depreciation was \$11,782 for fiscal year 1987. Expenditures for maintenance and repairs are charged against revenues as incurred; cost of major additions and improvements are capitalised.

**LRSD-EM 89010**  
**A Public Telecommunications Entity operated by**  
**Louisiana State University**

**Notes to Financial Statements CONTINUED**

Property and equipment consist of the following at June 30, 1997:

Transmitting and Broadcast Equipment	\$ 129,847
Furniture and office Equipment	81,422
	345,314
Less: Accumulated Depreciation	(266,882)
<b>Net Property and Equipment</b>	<b>\$ 159,681</b>

**101 FOREIGN PLAN**

All employees of the station are employees of Louisiana State University, and are members of the Louisiana State Employees Retirement System and the Louisiana State Teachers Retirement System. Contributions by the station to these two retirement systems during the year total \$21,500 and \$13,130, assigned 50%. Required disclosures relating to the status of these two retirement systems is provided in the University's financial statements.

**102 DEFICIT IN UNRESERVED NET ASSETS**

Actual expenditures and appropriations for the unreserved operating fund do not exceed current revenues and beginning net assets resulting in a deficit in net assets of June 30, 1997, totaling \$9,891. Management expects revenues during the current fiscal year to be sufficient to adequately resolve this condition.

**103 FUNCTIONAL EXPENSES**

Expenses incurred were for:

	PROGRAM SERVICES			UNRESERVED FUNDS		
	Programs and Activities	Management Information	Program Support	Programs and Activities	Management Information	Program Support
Salaries, wages, benefits	\$ 57,411	\$ 66,411	\$ -	\$ 78,011	\$ 28,211	\$ 28,211
Depreciation	310	380	-	690	690	310
Rent and subscriptions	2,350	-	-	2,350	28,400	28,400
Utility expense	-	-	-	-	400	400
Books and materials	-	5,400	-	5,400	2,470	2,470
Conferences, meetings	-	450	-	450	2,500	2,500
Advertising	-	-	2,400	2,400	-	-
Printing	-	-	-	-	400	400
Professional services	-	-	-	-	5,100	5,100
Office supplies	-	4,300	-	4,300	1,500	1,500
Depreciation	-	7,150	-	7,150	1,500	1,500
Telephone	-	-	-	-	1,400	1,400
Transportation support	21,100	21,100	-	21,100	28,100	28,100
Expenses paid	1,100	1,100	-	1,100	1,700	1,700
Student work study	-	1,100	-	1,100	-	-
Reprints	-	200	-	200	100	100
Leased service broadcast facilities	-	14,500	-	14,500	-	-
Miscellaneous	-	-	-	-	100	100
<b>TOTALS</b>	<b>\$ 89,861</b>	<b>\$120,711</b>	<b>\$ 2,400</b>	<b>\$133,971</b>	<b>\$48,600</b>	<b>\$48,600</b>

KROU-TV Radio  
 A Public Telecommunications Entity Operated by  
 Southeastern Louisiana University

Notes to financial statements (Continued)

**100 Grants from the Corporation for Public Broadcasting**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. Annually, CPB distributes funds in the form of Community Service Grants (CSG) and National Program Production and Acquisition Grants (NPPAG) to qualifying public telecommunications entities.

Community Service Grants (CSG) are used to augment the financial resources of public broadcasting stations and thereby, to enhance the quality of programs and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 398(b)(7), (b)(8) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. Also, the Grants may be used to maintain activities begun with Community Service Grants awarded in prior years.

National Program Production and Acquisition Grants (NPPAG) are grants limited to the production, acquisition, promotion and distribution of national programming. National programming has been defined as a program planned in the national marketplace of public radio programming. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming.

Both the CSG and NPPAG grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be followed in connection with application for and use of the Grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and license status with the Federal Communications Commission.

The Community Service Grants received and expended during the most recent fiscal years were as follows:

Type of Grant	Year of Award	Amount Received	Expended			Unexpended Balance at Year-End, 1977
			1974-75	1975-76	1976-77	
CSG	1974-75	\$28,418	\$ -	\$28,418	\$ 2,000	\$ -
CSG	1975-76	\$28,418	\$ -	\$ -	\$28,418	\$ 2,750
CSG	1976-77	\$28,418	\$ -	\$ 2,000	\$26,418	\$ -
CSG	1977-78	\$28,418	\$ -	\$ -	\$ 2,000	\$26,418
CSG	1978-79	\$28,418	\$ -	\$ -	\$ -	\$28,418

**101 State Appropriations**

This classification includes financial resources provided to public broadcasting through budgetary authorizations of the state of Louisiana. State appropriations authorized were as follows:

**KILL-PM RADIO**  
A Public Telecommunications Facility Operated by  
Northwestern Louisiana University

**STATE OF FINANCIAL STATEMENTS CONTINUED**

Authorized State Appropriation	<u>1,000.00</u>
Unexpended Appropriation	\$100,000
Accrual Adjustments	-
Operating Fund	<u>251,000</u>
Property Fund	<u>          </u>
TOTAL	<u>\$351,000</u>

**(B) Indirect Administrative Support**

A portion of the licensee's general overhead costs relate to and benefit the public broadcast. Such items include administration, utilities, maintenance and repairs. These services were provided without cost and have been allocated to the public broadcaster. The fair value of these services are reported as revenues and charges in the accompanying statement of financial activity.

Leased facilities from the licensee are based on the depreciated value of space occupied.

**(C) Student Tuition Assessment**

Each student taking at least four semester hours is assessed a fee per semester which is dedicated to KILL-PM Radio. Revenue from this source was generated in the amount of \$80,000.

OTHER REPORTS REQUIRED BY GOVERNMENT AGENCIES

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

# Durnin & James

A REGISTERED FIRM OF ACCOUNTANTS

John S. Durnin, CPA  
Dennis R. James, CPA  
74 Industrial Corporation

Office  
Riverside Plaza, 11th  
Foster Park, St. Louis, MO

Charles D. Mathews, CPA  
Wayne C. Smith, CPA

Office  
Riverside Plaza, 11th  
Foster Park, St. Louis, MO

November 15, 1997

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN ASSESS OF FINANCIAL  
STATEMENTS PREPARED IN ACCORDANCE WITH  
GOVERNMENT ACCOUNTING STANDARDS**

Mr. Bob McChesney,  
General Manager  
KLU-FM Radio  
Bossier, Louisiana

We have audited the financial statements of KLU-FM Radio, a licensed and public telecommunications entity operated by Southeastern Louisiana University as of and for the year ended June 15, 1997, and have issued our report thereon dated November 15, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and Government Accounting Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of KLU-FM Radio is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of financial control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of KLU-FM Radio, for the year ended June 15, 1997, we obtained an understanding of the financial control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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Our consideration of the internal control structure would not necessarily question all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, Southeastern Louisiana University, the Louisiana Legislative Auditor and the Corporation for Public Broadcasting. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Duerrin J. James*  
DUERRIN J. JAMES, CPA/CFE



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

# Durnin & James

MEMBER FIDELITY & BOND ASSOCIATION

John R. Hines, CPA  
Dennis E. Jones, CPA  
14 Professional Corporation

Charles D. Mathews, CPA  
Ryan C. Sherry, CPA

800-541-1111  
Atlanta, Georgia 30308  
United Falls, Georgia 30754

800-541-1111  
Nashville, Tennessee 37203  
United Falls, Tennessee 37174

November 13, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Mr. Bob Beckwith,  
General Manager  
KLLD-FM Radio  
Bossier, Louisiana

We have audited the financial statements of KLLD-FM Radio, a licensee and public telecommunications entity operated by Southeastern Louisiana University as of and for the year ended June 30, 1997, and have issued our report thereon dated November 13, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to KLLD-FM Radio is the responsibility of KLLD-FM Radio's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of KLLD-FM Radio's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of management, Southeastern Louisiana University, the Louisiana Legislative Auditor and the Corporation for Public Broadcasting. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, INC.