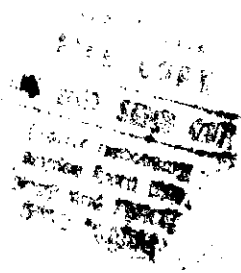


STATE OF LOUISIANA LEGISLATIVE AUDITOR

WWNO-FM Radio Station
University of New Orleans
State of Louisiana
New Orleans, Louisiana

November 19, 1997



Financial and Compliance Audit Division

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

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**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
New Orleans, Louisiana**

**Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 1997**

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

November 19, 1997

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA**

**Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 1997**

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OFFICE OF
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October 17, 1997

Independent Auditor's Report
on the Financial Statements

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position, Statement of Financial Activity, and Statement of Cash Flows of Radio Station WWNO-FM, a public telecommunications entity operated by the University of New Orleans, as of and for the year ended June 30, 1997. These financial statements are the responsibility of management of the radio station. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial statements of Radio Station WWNO-FM are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of the University of New Orleans that is attributable to the transactions of the radio station.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Station WWNO-FM, University of New Orleans, at June 30, 1997, and the results of operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
Audit Report, June 30, 1997

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

EB:LWM:sds

[WWNO]

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Financial Position
For the Year Ended June 30, 1997**

	1997		1996
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents		\$740,154	\$740,154
Long-term investments (note 2)		391,096	391,096
Equipment (note 3)	\$490,404		490,404
TOTAL ASSETS	<u>\$490,404</u>	<u>\$1,131,250</u>	<u>\$1,621,654</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable		\$746	\$746
Long-term debt - accrued sick and annual leave payable (note 4)		31,593	31,593
Total Liabilities	<u>NONE</u>	<u>32,339</u>	<u>32,339</u>
Net Assets:			
Restricted:			
Designated for capital outlay (note 9)		600,000	600,000
Operating		498,911	498,911
Unrestricted	\$490,404		490,404
Total Net Assets	<u>490,404</u>	<u>1,098,911</u>	<u>1,589,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$490,404</u>	<u>\$1,131,250</u>	<u>\$1,621,654</u>

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Financial Activity
For the Year Ended June 30, 1997
(With Comparative Totals for 1996)**

	1997		1996
	UNRESTRICTED	RESTRICTED	TOTAL
SUPPORT AND REVENUES			
Federal grants		\$63	\$63
State and local grants		14,613	14,613
University support	\$178,008		178,008
Corporation for Public Broadcasting		143,518	143,518
Private restricted - other		716,986	716,986
Interest income		53,460	53,460
Total support and revenues	178,008	928,640	1,106,648
EXPENSES			
Program services:			
Programming and production	89,080	403,221	492,301
Broadcasting	25,525	115,541	141,066
Program information	22,400	101,394	123,794
Support services:			
Management and general	11,249	50,916	62,165
Fund raising	29,754	134,664	164,438
Total expenses	178,008	805,756	983,764
CHANGE IN NET ASSETS BEFORE CAPITAL ADDITIONS			
Capital additions - contributions		122,884	122,884
Capital deletions			20,580
			(2,766)
CHANGE IN NET ASSETS AFTER CAPITAL ADDITIONS			
Capital additions	NONE	122,884	122,884
NET ASSETS AT BEGINNING OF YEAR	479,196	987,235	1,466,431
Equity transfer - equipment acquisition	11,208	(11,208)	
NET ASSETS AT END OF YEAR	\$490,404	\$1,098,911	\$1,589,315

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Cash Flows - Operating Fund - Restricted
For the Year Ended June 30, 1997
(With Comparative Totals for 1996)**

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities:		
Change in net assets	\$122,884	\$102,665
Adjustments to reconcile excess of support and revenue over expenses to net cash used in operating activities - changes in assets and liabilities:		
Increase (decrease) in accounts payable	(2,068)	(1,994)
Increase (decrease) in accrued sick and annual leave payable	7,593	(3,797)
Net cash provided by operating activities	<u>128,409</u>	<u>96,874</u>
Cash flows from investing activities:		
Proceeds from sale of investments	45,272	51,500
Purchase of property and equipment	(11,208)	(11,734)
Net cash used by capital activities	<u>34,064</u>	<u>39,766</u>
Net increase in cash and cash equivalents	162,473	136,640
Cash and cash equivalents at beginning of year	<u>577,681</u>	<u>441,041</u>
Cash and cash equivalents at end of year	<u><u>\$740,154</u></u>	<u><u>\$577,681</u></u>

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Radio Station WWNO-FM have been prepared on the accrual basis, except that no depreciation has been taken on equipment. The significant accounting policies followed are described below.

Organization

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the Louisiana State University System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communications Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, the radio station attained this status.

Radio Station WWNO-FM is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department. The total departmental expenditures are reported in Analysis Schedule C-2B of UNO's financial statements.

Fund Accounting

The assets, liabilities, and net assets of the station are reported in two self-balancing fund groups as follows:

Unrestricted funds include resources that are available for support of the station's operations and investment in equipment. Restricted funds include the amounts received with stipulations that limit the use of the assets.

Revenue Recognition

Contributions and pledges are recorded as revenue in the Statement of Financial Activity when received. Revenue from grants is recognized as revenue to the extent that expenses are incurred. The Radio Station WWNO-FM does not recognize revenue from the fund raising activities by the UNO Foundation until the quarterly net collections are transferred to the WWNO revenue accounts.

LEGISLATIVE AUDITOR

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits and bank certificates of original maturities of 90 days or less. Investments consist of United States government securities.

Income Taxes

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

Equipment

Equipment is recorded at cost or, in the case of donated equipment, at their estimated fair market value at the date of receipt. Depreciation is not recognized, but equipment is adjusted when the equipment is replaced. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

In-Kind Contributions

Donated facilities provided by UNO consist of office and studio space together with related occupancy costs and are recorded in revenue and expense.

2. INVESTMENTS

Investments include United States government securities of \$391,096 with a market value of \$388,739.

3. EQUIPMENT

A summary of changes in equipment follows:

Balance at July 1, 1996	\$479,196
Additions	<u>11,208</u>
Balance at June 30, 1997	<u>\$490,404</u>

LEGISLATIVE AUDITOR

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

A breakdown of equipment (acquisition value of \$250 or more) follows:

Security cage	\$3,173
Office furniture and fixtures	47,293
Satellite dish, transmitter, and antenna	157,316
Studio and other broadcast equipment	<u>282,622</u>
Balance at June 30, 1997	<u>\$490,404</u>

4. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave has been modified to implement Government Accounting Standards Board (GASB) Statement No. 16, Accounting for Compensated Absences. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 10 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 1997, is estimated to be \$31,593.

5. LONG-TERM DEBT

There is no long-term debt at June 30, 1997.

6. LEASES

The radio station is obligated under two noncancelable operating leases for the rental of tower space for the operation of Radio Station WWNO-FM. Total rental expense for 1997 was \$7,500.

LEGISLATIVE AUDITOR

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The future lease payments due under the lease agreements at June 30, 1997, are as follows:

<u>Year</u>	<u>Amount</u>
1998	\$1,500
1999	1,500
2000	1,500
2001-2005	<u>7,000</u>
Total	<u>\$11,500</u>

7. PENSION PLANS

Substantially all employees of the radio station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the radio station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 16.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LASERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the years ended June 30, 1997, 1996, and 1995, were \$12,228, \$11,622, and \$12,930, respectively, and to LASERS for the years ended June 30, 1997, 1996, and 1995, were \$12,135, \$10,211, and \$14,005, respectively, equal to the required contributions for each year.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

8. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

Contributions by the radio station are 16.3 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$12,638 for the year ended June 30, 1997.

9. BOARD DESIGNATED CAPITAL RESERVE

The Corporation for Public Broadcasting, *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*, October 1990, provides that funds designated by the governing board of a station are not endowment funds but are board designations of unrestricted funds. The WWNO Advisory Board has designated a total of \$600,000 as a reserve for capital outlay. UNO has recorded the \$600,000 in the Endowment Fund on its annual financial statements.

10. PRIOR YEAR FINANCIAL STATEMENTS

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

LEGISLATIVE AUDITOR

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
STATE OF LOUISIANA**

Notes to the Financial Statements (Concluded)

11. SUBSEQUENT EVENTS

On July 14, 1997, a contract for \$139,740 between the governing board and Range Construction Company Inc., was executed to expand the Radio Station WWNO-FM studio. The project commenced on August 1, 1997, and is expected to be completed on or before December 30, 1997. The expenditures for this project will be taken from the Radio Station WWNO-FM funds designated by the governing board as reserves for capital outlay disclosed in note 9 of the financial statements.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Schedule of Functional Expenses
For the Year Ended June 30, 1997
(With Comparative Totals for 1996)**

	PROGRAM SERVICES			
	PROGRAMMING AND PRODUCTION	BROADCASTING	PUBLIC INFORMATION AND PROMOTION	TOTAL PROGRAM SERVICES
Employee salaries and wages	\$138,198	\$32,470	\$49,102	\$219,770
Employee benefits	21,456	5,416	8,488	35,360
Travel	2,828	610	1,405	4,843
Tower rent		7,500		7,500
Utilities	3,573	25,987	1,529	31,089
Program costs	201,162			201,162
Premiums				
Contracts	19,023	27,942	1,779	48,744
Repairs and maintenance	113	1,802	113	2,028
Commissions				
Advertising			14,954	14,954
Subscription and memberships	869	933	718	2,520
Radio Research Corporation	6,183			6,183
Music collection	15			15
Printing, publications, and graphics	5,443	1,440	22,757	29,640
Supplies	6,965	6,388	1,235	14,588
Satellite		6,000		6,000
Visa/Mastercard				
Fringe benefits				
Auditor's fee				
Sick/Annual leave	3,842	1,101	896	5,839
Indirect administrative support	75,130	21,530	17,521	114,181
Postage and shipping	7,348	1,947	3,145	12,440
Work Study				
Miscellaneous	153		152	305
Total	<u>\$492,301</u>	<u>\$141,066</u>	<u>\$123,794</u>	<u>\$757,161</u>

SUPPORT SERVICES					
MANAGEMENT AND GENERAL	FUND RAISING			TOTAL EXPENSES	
	AND MEMBERSHIP DEVELOPMENT	UNDERWRITING AND GRANT SOLICITATION	TOTAL SUPPORTING SERVICES	1997	1996
\$32,850	\$41,521	\$11,454	\$85,825	\$305,595	\$276,677
5,725	7,222	1,722	14,669	50,029	41,411
1,947	1,609	691	4,247	9,090	7,596
				7,500	8,000
1,071	1,442	228	2,741	33,830	23,530
				201,162	162,819
	2,111		2,111	2,111	1,958
2,148	4,428	1,215	7,791	56,535	57,189
113	56	56	225	2,253	7,938
		47,889	47,889	47,889	59,472
1,398	1,913		3,311	18,265	10,961
263	4,351	328	4,942	7,462	4,480
				6,183	3,349
				15	2,575
1,628	4,463	346	6,437	36,077	23,689
823	1,099	204	2,126	16,714	10,806
				6,000	6,000
	280		280	280	(2,770)
					47,347
2,288			2,288	2,288	2,040
471	683	600	1,754	7,593	(3,797)
9,206	13,363	11,730	34,299	148,480	145,908
2,202	2,966	468	5,636	18,076	
					461
32			32	337	2,312
<u>\$62,165</u>	<u>\$87,507</u>	<u>\$76,931</u>	<u>\$226,603</u>	<u>\$983,764</u>	<u>\$899,951</u>

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