

LOUISIANA EDUCATIONAL TELEPHONE AUTHORITY

REPORT ON REVENUE OF THE COMPANY
AND FINANCIAL STATEMENTS

JUNE 30, 1959

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

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CONTENTS

Independent Auditor's Report.....	Page 1 - 2
Component Unit Financial Statements (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit.....	3 - 4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Govern- mental Fund Types and Discretely Presented Component Unit.....	5 - 8
Statement of Cash Flows - Discretely Presented Component Unit.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund.....	8
Notes to Financial Statements.....	9 - 24
Required Supplementary Information:	
Year 2000 Issues.....	25 - 26
Other Supplementary Information:	
Schedule of Interagency Revenues.....	27
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	28 - 29



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September 7, 1998

Independent Auditor's Report

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

We have audited the accompanying Component Unit Financial Statements of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, 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, L.L.P., acting separately, audited the financial statements of the component unit discretely presented in the Louisiana Educational Television Authority's component unit financial statements. The component unit audited by us separately accounts for 100% of the assets, liabilities, revenues and expenses of the financial resources of the component unit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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. 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.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, as of June 30, 1989, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The Year 2000 supplementary information on page 25-26 is not a required part of the component unit financial statements but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the Year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Louisiana Educational Television Authority is or will become Year 2000 compliant, that the Louisiana Educational Television Authority's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Louisiana Educational Television Authority does business are or will become Year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated September 7, 1989, 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.

Our audit was performed for the purpose of forming an opinion on the component unit financial statements of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, taken as a whole. The accompanying Schedule of Interagency Reverses is presented for purposes of additional analysis and is not a required part of the component unit financial statements. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the component unit financial statements taken as a whole.

Respectfully submitted,

Hanna T. Bergman, L.L.P.

Louisiana Educational Television Authority
 A Public Telecommunications Entity
 Operated by the State of Louisiana)

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETARY RESERVE/COMMITMENT UNIT

as of June 30, 1999

ASSETS	<u>GOVERNMENTAL FUND TYPES ACCOUNT GROUP</u>		
	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL LONG-TERM DEBT</u>
Cash and Cash Equivalents	\$ 186,311	\$ 512,921	\$ -
Marketable Securities and Invest- ments, at Market Value	-	-	-
Accrued Interest Receivable	-	-	-
Costs Incurred for Programs not yet Broadcast	-	-	-
Accounts/Grants Receivable	-	-	-
Due from the Foundation for Excellence in Louisiana Public Broadcasting	2,788,903	-	-
Due from SIBS - Intergency Transfer	137,300	-	-
Due from State - General Fund Appro- priations	617,000	-	-
Due from Friends of Louisiana Public Broadcasting	-	-	-
Amount to be Provided for Accumulated Unpaid Annual Leave	-	-	358,350
Amount to be Provided for Retirement of Obligation Under Capital Lease	-	-	<u>1,570,588</u>
Total Assets	<u>\$3,641,414</u>	<u>\$ 512,921</u>	<u>\$2,828,938</u>
 LIABILITIES AND FUND BALANCES/ NET ASSETS			
Liabilities:			
Accounts Payable	\$ 202,434	\$ -	\$ -
Accrued Payroll	178,775	-	-
Payroll Deductions Payable	27,642	-	-
Accrued Employee Benefits Payable	36,187	-	-
Due to Louisiana Educational Tele- vision Authority	-	-	-
Due to State Treasury	3,500	-	-

(CONTINUED)

<u>TOTAL PRIMARY GOVERNMENT MEMORANDUM ONLY</u>	<u>CONCRETE UNIT FOUNDATION FOR EXCELLENCE IN LOUISIANA PUBLIC BROADCASTING</u>	<u>TOTAL REPORTING EMPTTY MEMORANDUM ONLY</u>
\$ 499,332	\$ 2,682,382	\$ 2,380,614
-	18,393,048	10,393,048
-	37,067	37,067
-	194,461	194,461
-	728,882	728,882
2,798,903	-	2,798,903
137,329	-	137,329
617,008	-	617,008
-	267,271	267,271
368,350	-	368,350
<u>3,370,560</u>	<u>-</u>	<u>3,370,560</u>
<u>\$9,893,293</u>	<u>\$13,254,113</u>	<u>\$21,337,484</u>
\$ 282,834	\$ 49,000	\$ 251,524
136,776	-	136,776
27,642	-	27,642
38,397	-	38,397
-	2,700,883	2,700,903
3,508	-	3,508

Louisiana Educational Television Authority
 (A Public Telecommunications Entity)
 Operated by the State of Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCREETLY PRESENTED COMPONENT PART - (CONTINUED)

as of June 30, 1995

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUP</u>
	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>PERMANENT LONG-TERM DEBT</u>
Deferred Support and Revenues: Underwriting and Local Produc- tions	-	-	-
Federal Grants	-	-	-
Total Deferred Support and Revenues	-	-	-
Accumulated Unpaid Asset Lease Obligation Under Capital Lease Payable	-	-	356,356
Total Liabilities	488,748	-	3,928,938
Fund Balances/Net Assets:			
Fund Balances:			
Reserved For Capital Outlay Expenditures	617,600	512,921	-
Unreserved: Designated for Technological Advances	3,877,886	-	-
Net Assets:			
Unrestricted	-	-	-
Temporarily Restricted	-	-	-
Total Fund Balances/Net Assets	<u>3,874,686</u>	<u>512,921</u>	<u>-</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$3,641,434</u>	<u>\$ 512,921</u>	<u>\$5,928,938</u>

The accompanying notes are an integral part of this statement.

<u>TOTAL PRIMARY GOVERNMENT MEMORANDUM COSTS</u>	<u>COMPONENT UNIT FOUNDATION FOR EXCELLENCE IN LOUISIANA PUBLIC BROADCASTING</u>	<u>TOTAL REPORTING ENTITY MEMORANDUM COSTS</u>
.	137,500	137,500
	<u>88,018</u>	<u>88,018</u>
.	217,500	217,500
338,338	-	338,338
<u>1,528,588</u>	<u>-</u>	<u>1,528,588</u>
4,375,688	2,847,892	7,343,370
1,329,821	-	1,329,821
2,577,486	-	2,577,486
-	9,328,849	9,328,849
	<u>1,682,870</u>	<u>1,682,870</u>
<u>3,707,607</u>	<u>10,386,519</u>	<u>13,994,326</u>
<u>89,883,389</u>	<u>833,254,118</u>	<u>923,337,484</u>

Louisiana Educational Television Authority
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**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND DISCRETARILY EXPENDED COMPONENT UNIT**

For the Year Ended June 30, 1988

	GOVERNMENTAL FUND TYPES		TOTAL PRIMARY GOVERNMENT MEMORANDUM (ONLY)
	GENERAL	CAPITAL PROJECTS	
Revenues:			
State General Fund	\$7,385,857	\$ 29,480	\$7,384,343
State General Fund by Interagency Transfers	76,848	-	76,848
Leased Facilities, Administrative Support, and Programming	6,610	-	6,610
Federal Grants	79,772	-	79,772
Not Realized and Unrealized Gains (Losses), Including Capital Gains Reinvested	-	-	-
Community Service Grant from the corporation for Public Broadcasting	-	-	-
Membership Support from Friends of Louisiana Public Broad- casting	-	-	-
Program Underwriting	-	-	-
Special Projects/Local Productions	-	-	-
Other	288,724	-	288,724
Interest and Dividend Income (Net of Expenses of \$28,245)	-	-	-
Louisiana Public Broadcasting Trust Fund	-	-	-
Rental Income	<u>337,880</u>	<u>-</u>	<u>337,880</u>
Total support and Revenue	8,244,733	29,480	8,244,438
Expenditures:			
Personnel Services	3,118,824	-	3,118,824
Travel	1,478	-	1,478
Operating Services	1,350,993	-	1,350,993
Professional Services	241,545	-	241,545
Other Charges	1,248,427	-	1,248,427
Capital Outlays/General Support	248,843	189,847	328,690
Interagency Transfers	22,172	-	22,172
Debt Service:			
Principal Retirement	421,928	-	421,928
Interest	<u>224,522</u>	<u>-</u>	<u>224,522</u>
Total Expenditures	7,189,148	189,847	7,548,995

(CONTINUED)

<u>COMPONENT UNIT</u> <u>FORMATION</u> <u>FOR EXCELLENCE</u> <u>IN LOUISIANA</u> <u>PUBLIC BROADCASTING</u>	<u>TOTAL</u> <u>REPORTING</u> <u>ENTITY</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
\$ -	\$ 7,384,582
-	16,088
-	8,610
662,753	782,525
395,738	395,738
948,368	948,368
1,127,137	1,127,137
291,348	291,348
849,171	849,171
124	258,888
358,827	358,827
308,883	308,883
-	<u>537,888</u>
5,839,338	19,983,737
339,385	3,418,188
82,482	84,079
2,454,822	3,888,713
674,966	918,511
-	1,288,427
121,348	858,038
-	12,172
-	631,829
-	<u>238,338</u>
<u>3,872,304</u>	<u>11,239,899</u>

Louisiana Educational Television Authority
 A Public Telecommunications Entity
 Operated by the State of Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND DISCREETLY PRESENTED COMPONENT UNIT - ACCENTURED

For the Year Ended June 30, 1999

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>PRIMARY</u> <u>GOVERNMENT</u> <u>MEMORANDUM</u> <u>ONLY</u>
Increase (Decrease) in Net Assets	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	961,785	(84,362)	777,423
Fund Balances/Net Assets - Beginning of Year	2,332,301	507,299	2,839,600
Fund Balances/Net Assets - End of Year	<u>\$3,194,086</u>	<u>\$ 422,937</u>	<u>\$3,617,023</u>

The accompanying notes are an integral part of this statement.

<u>COMPONENT UNIT</u>	<u>TOTAL</u>
<u>FOUNDATION</u>	<u>REPORTING</u>
<u>FOR EXCELLENCE</u>	<u>ENTITY</u>
<u>IN LOUISIANA</u>	<u>(MEMORANDUM</u>
<u>PUBLIC BROADCASTING</u>	<u>ONLY)</u>
1,366,415	1,366,415
-	777,433
8,928,184	11,850,388
<u>\$10,284,519</u>	<u>\$13,998,126</u>

Louisiana Educational Television Authority
 (A Public Telecommunications Entity)
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STATEMENT OF CASH FLOWS -
DISCREETLY SEPARATED COMPONENT UNIT

For the Year Ended June 30, 1999

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 1,166,416
Adjustments to Reconcile Excess	
Revenue and Other Support Over Expenses	
to Cash Provided by Operating Activities:	
Depreciation	6,783
Net Realized and Unrealized (Gain) Loss	
on Marketable Securities	(185,718)
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts/Grants	
Receivable	(162,184)
(Increase) Decrease in Due from Friends	
of L.P.B.	14,879
(Increase) Decrease in Accrued Interest	
Receivable	59,943
(Increase) Decrease in Cost of Programs	
Not Yet Broadcast	(5,128)
Increase (Decrease) in Accounts Payable	8,588
Increase (Decrease) in Due to Louisiana	
Educational Television Authority	694,957
Increase (Decrease) in Deferred Support	
and Revenues	<u>6,883</u>
Net Cash Provided by Operating	
Activities	1,575,448
Cash Flows From Investing Activities:	
Purchases of Investments	(17,045,786)
Proceeds from Maturity of Investments	<u>18,622,431</u>
Net Cash Used in Investing	
Activities	<u>1476,645</u>
Net Increase in Cash and Cash	
Equivalents	1,126,891
Cash and Cash Equivalents - Beginning of Year	<u>545,254</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,672,145</u>

The accompanying notes are an integral part of this statement.

Louisiana Educational Television Authority
& Public Telecommunications Entity
Operated by the State of Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 1999

	<u>ACTUAL</u>	<u>RECORRECTED BUDGET AND ADJUSTMENTS</u>	<u>BUDGETARY BASE</u>
Revenues:			
State General Fund	\$ 7,285,057	\$ -	\$ 7,285,057
State General Fund by Interagency Transfers	76,848	-	76,848
State General Fund by Self-Generated Revenues	-	354,000	354,000
Devoted Facilities, Administrative Support, and Programming	6,610	46,610	-
Federal Grants	79,772	-	79,772
Other	358,774	(221,206)	137,568
Rental Income	<u>537,888</u>	<u>(537,888)</u>	<u>-</u>
Total Revenues	<u>8,344,933</u>	<u>(409,726)</u>	<u>7,935,207</u>
Expenditures:			
Personal Services	3,118,824	-	3,118,824
Operating Services	1,350,093	-	1,350,093
Professional Services	341,949	688,621	172,924
Other Charges	1,350,183	688,429	1,183,678
Capital Outlays	544,843	598,932	1,144,775
Interagency Transfers	12,172	-	12,172
Debt Service:			
Principal Retirement	671,028	-	671,028
Interest	<u>334,538</u>	<u>-</u>	<u>334,538</u>
Total Expenditures	<u>7,383,148</u>	<u>464,802</u>	<u>7,848,050</u>
Excess (Deficiency) of Revenues Over Expenditures	861,785	(974,406)	(19,823)
Fund Balance (Deficit) - beginning of Year	<u>2,312,901</u>	<u>(1,368,577)</u>	<u>(13,676)</u>
Fund Balance (Deficit) - End of Year	<u>\$ 3,174,686</u>	<u>\$ (3,341,183)</u>	<u>\$ (46,499)</u>

The accompanying notes are an integral part of this statement.

<u>BUDGET</u>	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 7,285,057	\$ -
697,528	1628,684
598,008	(233,840)
-	-
79,772	-
-	37,478
<u>-</u>	<u>-</u>
8,652,353	1817,348
3,128,845	9,321
1,553,338	203,841
117,800	155,334
2,253,858	1,079,280
721,680	(423,895)
12,372	-
831,829	-
<u>228,528</u>	<u>-</u>
8,452,353	604,323
-	112,823
<u>-</u>	<u>133,816</u>
\$ -	\$ 146,899

Louisiana Educational Television Authority
A Public Telecommunications Entity
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS

June 30, 1988

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 37:2583.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

This component unit 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.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the Authority for financial reporting purposes. The basic criteria are as follows:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Authority to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority.
2. Organizations for which the Authority does not appoint a voting majority but are fiscally dependent on the Authority.

Louisiana Educational Television Authority
(A Public Telecommunications Entity
Operated by the State of Louisiana)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Authority's management has included the following discretely presented component unit in the financial reporting entity:

The Foundation for Excellence in Louisiana Public Broadcasting "the Foundation" is a nonprofit Louisiana Corporation that was organized to direct all of its efforts to the support of the Authority. Furthermore, the Foundation operates under the authority of its Board of Directors, who are appointed by the Authority. The Foundation has a June 30, 1999 fiscal year end.

C. Fund Accounting/Basis of Presentation

The financial activities of the Authority, while not legally or practically an established fund account, are organized and operated on a fund basis whereby separate self-balancing sets of accounts are maintained to account for authorized and appropriate specific activities. The funds presented in the financial statements are described as follows:

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.

The capital projects fund is used to account for specific legislative appropriations, Federal grants and State general obligations bond revenues for the construction of transmitter and tower facilities at the stations 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, 1999, there were no permanently restricted net assets.

Louisiana Educational Television Authority
(A Public Telecommunications Entity
operated by the state of Louisiana)

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

D. Long-Term Liabilities

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds. This account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The general fund is maintained and reported in the accompanying financial statements on the modified accrual basis of accounting with the exception of appropriated State General Fund receipts being recognized when drawn or encumbered.

The capital projects fund is maintained and reported in the accompanying financial statements on a 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 there-

Louisiana Educational Television Authority
(A Public Telecommunications Entity
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NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

after 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.

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

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.

F. 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 ever 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 in kind contributions 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.

Louisiana Educational Television Authority
(A Public Telecommunications Entity
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NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1998

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.

G. Incurrences

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

H. Debit Cash Imprest Fund

The Authority maintains a permanent travel and petty cash imprest fund in the amount of \$3,988 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.

I. Fixed Assets

Fixed 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. A summary of changes in general fixed assets for which the Authority was responsible for the year ended June 30, 1998 is presented in Note 7.

Fixed 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.

Louisiana Educational Television Authority
& Public Telecommunications Entity
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

J. Marketable Securities and Investments

In accordance with statement of Financial Accounting Standards (SFAS) No. 128, 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.

K. 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, 1999. 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.

L. 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, 1999, the value of contributed services meeting the requirements for recognition by the Foundation was not material and has not been recorded.

M. Estimates

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

N. Accrual 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

Louisiana Educational Television Authority
18 Public Telecommunications Facility
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

to 100 hours of unused annual leave. Therefore, annual leave up to 100 hours per employee is accrued in the general long-term debt account group included in these financial statements. Upon retirement, the number of hours of unused annual leave in excess of 100 hours plus the number of hours of unused sick leave is computed into years or fractions 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.

C. Total Columns on Combined Statements - Overview

The total memorandum only columns on the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

F. 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 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in their financial statements.

G. Statement of Cash Flows

For purposes of reporting cash flows of the Foundation, cash includes certificates of deposit and all highly liquid debt instruments with original maturities of three months or less when purchased.

H. Derivative Accounting Developments

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The provisions of this statement will be effective for the Foundation's year ending June 30, 2000. Management does not believe that the impact of adopting this statement will have a material impact on the Foundation's financial position or results of operations.

Louisiana Educational Television Authority
 (A Public Telecommunications Entity)
 Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

Note 2 - Cash and Cash Equivalents -

The Authority's and the Foundation's cash and cash equivalents at June 30, 1999 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.

	<u>CARRYING</u> <u>AMOUNT</u>	<u>FAIR</u> <u>VALUE</u>
Primary Government:		
Category 1	\$ <u>688,202</u>	\$ <u>688,148</u>
Component Unit:		
Category 1	142,003	148,600
Category 3	<u> </u>	<u>158,112</u>
	142,003	258,112
Cash and Cash Equivalents Not Subject to Categorization: Money Market Mutual Funds	<u>1,528,372</u>	<u>1,548,178</u>
	<u>1,881,382</u>	<u>1,797,482</u>
Reporting Entity	<u>\$2,388,614</u>	<u>\$2,485,636</u>

Note 3 - Marketable Securities and Investments -

The Foundation's investments at June 30, 1999 are recorded at market value and are categorized in three levels of credit risk as follows:

CATEGORY 1 - Insured or registered in the Foundation's name, or securities held by the Foundation or its agent in the Foundation's name.

CATEGORY 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Foundation's name.

Louisiana Educational Television Authority
 (A Public Telecommunications Entity)
 Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

Category 1 - 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 GASE modifications, 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, 1999:

	<u>CATEGORY 1</u>	<u>CATEGORY 2</u>	<u>CATEGORY 3</u>	<u>COST</u>	<u>MARKET VALUE</u>	<u>REALIZED GAIN/LOSS</u>	
U.S. Treasury Securities	\$ -	\$ 199,831	\$ -	\$ 199,831	\$ 201,842	\$ 2,011	\$ -
U.S. Government Agency Securities	-	-	1,938,318	1,938,318	1,938,984	-	4,532
Preferred Stocks	-	-	93,431	93,431	81,000	-	(12,431)
Mortgage-Backed Securities	-	-	3,616,304	3,616,304	3,684,794	-	6,518
Common Stocks	-	-	4,888,347	4,888,347	4,977,324	89,007	-
	<u>\$ -</u>	<u>\$ 399,831</u>	<u>\$ 5,544,382</u>	<u>\$ 9,743,221</u>	<u>\$ 9,789,778</u>	<u>\$ 91,008</u>	<u>\$ 6,518</u>
Investments Not Categorized:							
Mutual Fund-Equity Securities				352,683	389,718	37,036	-
Mutual Fund- U.S. Government Bonds				135,880	134,125	-	(1,755)
Horizon Fund				1,012,580	1,658,808	646,228	-
				<u>\$ 1,501,143</u>	<u>\$ 2,182,651</u>	<u>\$ 681,974</u>	<u>\$ (1,755)</u>

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

	<u>COST</u>	<u>MARKET VALUE</u>
Within One Year	\$ 199,831	\$ 201,842
One Year Through Five Years	856,114	858,614
Five Years Through Ten Years	882,002	882,978
	1,537,947	1,543,434
Mutual Fund - U.S. Government Bonds	135,880	134,125
Preferred Stocks	93,431	81,000
Mortgage-Backed Securities	3,616,304	3,684,794
Common Stocks	4,888,347	4,977,324
Horizon Fund	1,012,580	1,658,808
Mutual Fund - Equity Securities	352,683	389,718
	<u>\$ 10,258,416</u>	<u>\$ 10,392,088</u>

Louisiana Educational Television Authority
A Public Telecommunications Entity
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Included in the caption "Net Realized and Unrealized Gains (Losses)" on the Statement of Activities are as follows: Realized Gains of \$745,919, which included capital gain distributions of \$132,214, realized losses of \$11,155 and the net decrease in unrealized gains at June 30, 1999 as compared to June 30, 1998 of \$238,086.

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, 1999.

Note 4 - Leases and Rental Commitments -

The Authority's operating rental commitments consist of various tower sites. These operating lease agreements have nonappropriation contingency clauses that allow cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating rental and lease expenditures for the year ended June 30, 1999, amounted to \$69,927.

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

<u>YEAR</u>	<u>RENTAL PROPERTY</u>	<u>AMOUNT</u>
2000	Tower Sites	\$ 52,050
2001	Tower Sites	15,150
2002	Tower Sites	15,150
2003	Tower Sites	15,150
2004	Tower Sites	15,150
Thereafter	Tower Sites	119,100
		<u>\$307,150</u>

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 which did not change the outstanding balance or monthly payments of the existing lease. However, the amended agreement does provide

Louisiana Educational Television Authority
 A Public Telecommunications Entity
 Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

the Authority the right to receive a weekly reimbursement of \$41,400 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. 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 in the General Long-Term Debt Account Group. 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.

The following is a schedule of the future minimum lease payments under capital lease and the present value of the net minimum lease payments at June 30, 1999 of the outstanding lease:

YEAR	PRESENT VALUE OF MINIMUM LEASE PAYMENTS		TOTAL MINIMUM LEASE PAYMENTS
		INTEREST	
2000	\$ 669,884	\$ 195,695	\$ 865,579
2001	711,329	154,440	865,769
2002	754,915	118,654	873,569
2003	801,388	84,173	885,561
2004	<u>639,264</u>	<u>15,813</u>	<u>655,077</u>
	<u>\$3,576,880</u>	<u>\$ 548,885</u>	<u>\$4,125,765</u>

Note 5 - Schedule of Board Members, Committee Meetings Attended, and Per Diem Paid:

BOARD MEMBER	BOARD AND COMMITTEE MEETINGS ATTENDED	PER DIEM PAID
Dr. William Aronson	9	\$ -
Jeanne Bunkerton	8	-
Wayne Berry	8	-
Leslie Blum	5	-
Fr. James Carter	1	-
Carl Crowe	8	-
Bob Davidge	8	-
Mary Eaton	10	-
Frank Frazee	5	-
Felicia L. Mabry	9	-
Alston Johnson	3	-
Vivian Kroczer	1	-

(CONTINUED)

Louisiana Educational Television Authority
 A Public Telecommunications Entity
 Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

John Laborde	1	-
Betty Lawton-Gilts	1	-
Virginia Lawson	5	-
Tracy Mandart	1	-
Dr. Bill Miller	4	-
Jim Mickel	5	-
Jennifer Neilly	31	-
Dr. Fress Robinson	5	-
Deano Thornton	1	-
Joseph Varkoly	5	-
Cissie Williams	2	-
		\$ -

Note 6 - Due from Foundation for Excellence in L.E.A. -

during the current and prior years, monies were received from various universities who are leasing unused transponder space on the satellite owned by Louisiana Educational Television Authority and deposited into the Foundation for Excellence in Louisiana Public Broadcasting. This amount is included in the due from Foundation for Excellence in Louisiana Public Broadcasting amount as presented in these financial statements. At June 30, 1999, the amount owed by the Foundation for these rentals is \$3,640,862 which includes \$338,608 of interest earnings.

In addition, during the current 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. Accordingly, the net of revenue earned less expenses included for the services amounted to \$14,379 and is considered due to L.E.T.A. and is included in the Due from Foundation amount at June 30, 1999.

Note 7 - Changes in General Fixed Assets -

A summary of changes in general fixed assets, both movable and immovable, for which the primary government was responsible for the year ended June 30, 1999 is presented below.

(CONTINUED)

Louisiana Educational Television Authority
 (A Public Telecommunications Entity
 Operated by the State of Louisiana)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

	<u>LAND, BUILDINGS, AND IMPROVEMENTS</u>	<u>FURNITURE AND EQUIPMENT</u>	<u>TOTAL</u>
Balance - June 30, 1998	\$12,522,604	\$13,028,978	\$25,551,582
Additions/Donations	-	829,385	829,385
Deletions	-	(11,712)	(11,712)
Balance - June 30, 1999	<u>\$12,522,604</u>	<u>\$13,857,651</u>	<u>\$26,380,255</u>

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

	<u>FURNITURE AND EQUIPMENT</u>
Balance - June 30, 1998	\$ 33,904
Additions	-
Deletions	-
Balance - June 30, 1999	33,904
Less: Accumulated Depreciation	<u>(33,904)</u>
Net Balance - June 30, 1999	<u>\$ -</u>

Note 4 - Summary of Changes in Long-Term Debt.

Long-term liabilities that will be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations.

The following is a summary of the changes to general Long-Term obligations for the year ended June 30, 1999.

	<u>BALANCE AT JULY 1 1998</u>			<u>BALANCE AT JUNE 30, 1999</u>	
	<u>AMOUNTS</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>AMOUNTS</u>	<u>1999</u>
Compensated Absences payable	\$ 388,549	\$ -	\$ 29,199	\$ 358,350	
Obligations Under Capital Leases	4,261,617	-	(421,028)	3,840,589	
	<u>\$4,650,166</u>	<u>\$ -</u>	<u>\$ 421,028</u>	<u>\$4,229,138</u>	

Louisiana Educational Television Authority
IA Public Telecommunications Entity
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

Note 9 - 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 70804-0213, or by calling (554)922-0608.

Funding Policy: Plan members of the Authority are required by state statute 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 12.45% 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, 1999 was \$499,196, of which \$188,148 was contributed by employees and \$311,056 was contributed by the Authority and were equal to the required contribution for the year.

Note 10 - Post Retirement Health Care and Life Insurance Benefits -

LSA 43:821 through 43:889 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 these 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

Louisiana Educational Television Authority
(A Public Telecommunications Entity)
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - (CONTINUED)

June 30, 1999

whether benefits are provided by Group Benefits or one of the ERG's authorized by Group Benefits. The Authority recognized the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 1999, the costs of retirees' benefits totaled \$51,896, while the number of retirees is 23. The cost of retirees' benefits is net of participant's contribution.

**Note 11 - Related Party Transactions/Restricted Net Assets -
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 \$1,997,798 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, 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, 1999, \$3,127,137 was transferred to the Foundation (which includes a receivable of \$253,271) under the terms of this agreement.

At June 30, 1999, \$3,064,117 of temporarily restricted net assets are available for the purposes specified in these two agreements described in the preceding paragraphs.

Note 12 - Designation of Fund Balance -

During the current year, Louisiana Educational Television Authority's Board Members 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.

Louisiana Educational Television Authority
A Public Telecommunications Entity
Operated by the State of Louisiana

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

Note 13 - Reserve of Fund Balance - General Fund -

In accordance with a FY 98/99 state budget amendment dated June 30, 1997, the State of Louisiana appropriated to the Authority \$617,000 for the purpose of funding various equipment purchases and studies relating to the beginning stages of digital conversion. This amount was received subsequent to year end and accordingly has been recorded as a receivable and revenue in these financial statements. Since the actual expenses had not been incurred as of June 30, 1998, a reservation for capital outlay has been recorded as of June 30, 1999.

REQUIRED SUPPLEMENTARY INFORMATION

Louisiana Educational Television Authority
(A Public Telecommunications Entity
Operated by the State of Louisiana)

YEAR 2000 ISSUE

June 30, 1999

The Year 2000 Issue

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, Disclosures about Year 2000 Issues. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, requires the Authority and the Foundation to make disclosures about its state of readiness in addressing the Year 2000 issues for its internal computer systems and equipment. On March 29, 1999, GASB issued Technical Bulletin 99-1 which amended the previously issued disclosure requirements allowing for the disclosure to be made in the required supplementary information (RSI). "This disclosure is written pursuant to the Year 2000 Information and Readiness Disclosure Act, Public Law No. 105-272, 112 Stat. 2366 (1998)."

The Year 2000 issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified by the GASB as necessary to implement a Year 2000-compliant system:

Approach Stage - In this first stage, an organization establishes a budget and project plan (for example, a time line or chart noting major tasks and due dates) for dealing with the Year 2000 issue.

Assessment Stage - While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment-systems and equipment critical to conducting operations to meet compliance.

Remediation Stage - During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000 compliant, and the required system changes are made.

Validation/Testing Stage - At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

Louisiana Educational Television Authority
& Public Telecommunications Entity
Operated by the State of Louisiana

YEAR 2000 ISSUES

June 18, 1998

During the assessment stage of the Authority's Broadcast operations, management stated that they found no Year 2000 issues considered to be mission critical applications that would cause an interruption in providing the benefits of Public Broadcasting to the citizens of Louisiana. In addition, management has requested and received Year 2000 Compliance Letters from various vendors. Also, management is continuing to upgrade various non-mission critical areas. Management will continue to test its system and expects to be Year 2000 compliant.

The financial transactions of the Authority are processed through the State of Louisiana's ISIS Financial System. The Authority has been notified by the State that the ISIS System is considered Year 2000 Compliant and the system will continue to be tested for Year 2000 readiness.

The Foundation is aware of the problems associated with the Year 2000 and have assessed their equipment and software and are in the process of testing their computer system. Management expects to incur no additional expenses relating to Year 2000 Compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Authority and the Foundation are or will be Year 2000 ready, that the Authority's and the Foundation's remediation efforts will be successful in whole or in part, or that parties with whom the Authority and the Foundation do business will be Year 2000 ready.

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, 1999

PROGRAM

1980s	\$ 84,658
Comprehensive Public Training Program	<u>32,182</u>
Total Interagency Revenue	<u>\$ 116,840</u>

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



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September 7, 1999

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

We have audited the component unit financial statements of the Louisiana Educational Television Authority, Baton Rouge, Louisiana (a component unit of the State of Louisiana) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 7, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 component unit 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.

However, we noted other matters involving the internal control over financial reporting that we have reported to the Authority's management in a separate letter dated September 7, 1999.

This report is intended solely for the information of management, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Louisiana Educational Television Authority, Baton Rouge, Louisiana, becomes a matter of public record.

Respectfully submitted,

Thomas J. Spangalis, C.I.P.

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THIS REPORT
FOR THE PUBLIC AND
MAY BE SUBJECT
TO A FEE

LOUISIANA PROFESSIONAL TRADING AUTHORITY

MANAGEMENT LETTER

JUNE 18, 1999

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Green Bayou office of the Comptroller Auditor and, where appropriate, at the office or the premises of court.

Release Date _____



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September 3, 1998

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

In planning and performing our audit of the component unit financial statements of the Louisiana Educational Television Authority (a component unit of the State of Louisiana) for the year ended June 30, 1998, 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, we noted a certain matter involving the internal control and its operation that we considered to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

FININGS:

During the prior year, it was noted that the fixed asset items totaling \$418,478 were not included in the total additions on the State Property Management Report. However, these amounts were properly included in addition in our June 30, 1998 audit report.

RECOMMENDATION:

We recommended that in the future more care be exercised so that all Fixed Asset additions are identified and added to the State Property Management Report in the year of purchase. We also recommended that all of the above items be added as "exceptions" to the June 30, 1998 State Property Management Report.

CORRECTIVE ACTION:

Based on our review of the current year State Property Management Report, it was noted that all of the above mentioned items have been properly added to the report as current year "exceptions". Furthermore, our current year test work of tracing fixed asset additions to the state Report disclosed no exceptions.

This report is intended solely for the use of management, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various component agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Louisiana Educational Television Authority, Baton Rouge, Louisiana, is a matter a public record.

Respectfully submitted,

Harris T. Braggins, L.L.P.